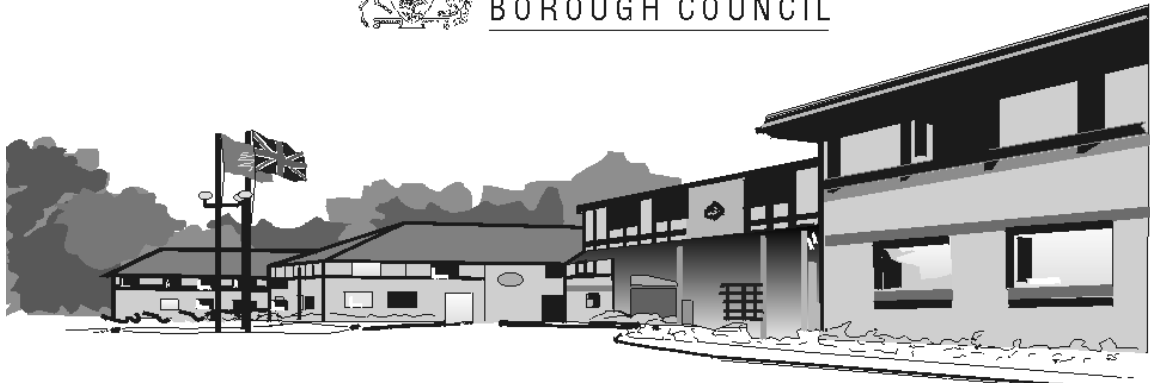




GEDLING
BOROUGH COUNCIL



INTERNAL AUDIT

Report

2004-2005

HOUSING REPAIRS

Key Financial System
Suresh Mistry
September 2004

GEDLING BOROUGH COUNCIL
INTERNAL AUDIT REPORT
KEY FINANCIAL SYSTEM AUDIT
HOUSING REPAIRS

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1. INTRODUCTION

- 1.1 An audit of the Housing Repairs System has been carried out in accordance with the 2004/05 Audit Plan. The audit concentrated on the established operational procedures of the Housing Management system, record maintenance and security of the system.
- 1.2 The review identified and examined the current procedures, internal controls and system of processing tenants' requests, allocation of jobs, monitoring reports and budgets, contractual arrangements, payment of invoices and system security. Thereby evaluating their effectiveness in ensuring the control objectives stated below:
- Budgets are adequately monitored and controlled.
 - The Authority's arrangement with its contractors should be adequately monitored
 - Adequate controls exist over the purchasing of and payment of goods and services.
 - A system of receiving, recording and allocating work from tenants exists.
 - Security of the Housing repairs system is maintained.
- 1.3 The Housing Assistants (North and South) are responsible for processing tenants requests, prioritising and allocating jobs. The Technical officers are responsible for the inspections and reporting on standard of work carried out by the contractors. Over all the Area Managers and Maintenance Manager and their deputies are responsible for Housing repairs and monitoring the expenditure.
- 1.4 Previous audit recommendations, from 2003/2004 Audit of Housing Repairs carried out by NCC, were followed up as part of the routine Audit Follow-up process.

2. CONDUCT OF AUDIT

- 2.1 The audit terms as referenced in the Matrix for Housing Repairs and compiled for this assignment were followed and recommendations made in the last audit report carried out by NCC (2003/2004) were noted.
- 2.2 Discussions were held with the Area Housing Manager and Housing assistant, to establish the system and procedures that are established in processing the tenants requests and monitoring budgets and standard of work by the contractors.
- 2.3 System notes were made from discussions and the audit conducted for inclusion in the audit file.

- 2.4 Testing was undertaken on the key controls to assess compliance and provide assurance that they are operating effectively. The testing concentrated on budget monitoring, requests input to systems, variations, inspections, invoice payments and transactions being correctly coded to FMS.
- 2.5 Substantive testing undertaken of sample jobs for this year to ensure the validity of requests received and that they were properly recorded in the system and all inputs properly authorised.

3. EXECUTIVE SUMMARY

- 3.1. The controls identified by this audit assignment in operating responsive repairs system and payment of contractor's invoices after authorisation ensure that it is operating satisfactorily.
- 3.2. To ensure better monitoring of the efficiency and promptness of the service, it is essential that the systems potential is fully utilised and all necessary documentations required for processing are recorded, retained and authorised accordingly. As part of business continuity the section should ensure that the disaster recovery plan is drawn up.
- 3.3. Audit has highlighted some control weaknesses that are considered to be of **Low to Medium** risk and included in this report together with the recommendations.

3.4 CONCLUSION

The procedures and systems in place for housing repairs are adequate and with useful additional features and training the system could potentially be fully utilised. The implementation of recommendations identified in this report will serve to improve internal controls.

AUDIT ASSURANCE

As a result of the work undertaken during the audit, it is concluded that the system of Housing Repairs [responsive] is well controlled and the majority of controls are sound and well applied

IMPLEMENTATION PLAN

HOUSING REPAIRS

REC (Risk)	RECOMMENDATION	RESPONSIBLE OFFICER	MANAGEMENT COMMENT	IMPLEMENTATION DATE
4.2.2. Low	That the budget amount needs to be analysed and profiled into the appropriate sub-headings and the miscellaneous amount reduced to provide meaningful monitoring and control on the expenditure.	Area Housing Manager Budget Officer	Agreed	Immediate
4.3.3. Med	That the contractors are to be advised to submit an invoice for these charges or VAT receipts for the payments made to ensure that the authority complies with VAT legislation.	Area Housing Manager Budget Officer	Agreed	September 2005
4.3.6. Low	That all pre-inspections carried out should record the name of the technical officer, date of the inspection and action taken on the system. Wherever possible additional comments should be recorded to assist and inform of any problems or observations made relevant to that job.	Area Housing Manager	Team meeting undertaken 11/8/05 to reinforce procedures, Audit weekly checks to follow	15/8/2005
4.3.8. Low	That a distinction should be made between post inspection and payment clearance and the problem of producing reports on inspections carried out should be addressed to give assurances on monitoring the service.	Area Housing Manager	Team meeting undertaken 11/8/05 to reinforce procedures, Audit weekly checks to follow	September 2005
4.3.9 Low	That a clear segregation of duties between the technical officers and assistants on the system will ensure that payments will not be made until the post inspection field has been completed by the technical officer and not by the assistant as is the case at present	Area Housing Manager	Team meeting undertaken 11/8/05 to reinforce procedures, Audit weekly checks to follow	15/8/2005

REC (Risk)	RECOMMENDATION	RESPONSIBLE OFFICER	MANAGEMENT COMMENT	IMPLEMENTATION DATE
4.3.11 Low	That the response together with comments that explain the nature of action taken on any complaint received should be made on the system as part of best practice. The monitoring officer should ensure that before the complaint or compliment is filed the necessary fields are completed to ensure that the case is closed on the system	Area Housing Manager And Chief Monitoring Officer	Formal compliment and complaints to follow corporate guidelines	Immediate
4.4.3 Med	That all orders should be authorised by approved officers and filed. Outstanding orders report is produced and all outstanding orders should be reviewed regularly, and orders that are not valid to be cancelled from the system.	Area Housing Manager	System currently being reviewed for implementation Now undertaken monthly	September 2005
4.4.5 Low	That payment should be authorised according to the approved list, VAT and arithmetic checks carried out on invoices and when inputting invoices on system ensure the post inspection is updated accordingly and not to enter yes in every case as is the current practice.	Area Housing Manager	Team meeting undertaken 11/8/05 to reinforce procedures, Audit weekly checks to follow	15/8/2005
4.5.6 Med	That Orders are only raised from requests received and should only be completed when all the items on that order are invoiced and if the contractor decides to invoice them separately than they are to be advised to invoice as per the order.	Area Housing Manager	Contractor requirement undertaken at contractor meeting 11/8/2005	Immediate
4.5.8 Med	That such invoices should be processed by attaching a pink voucher and processed through the creditor system and the original order for boarding should include period extension if required, thereby not having to raise another order on the HMS system	Area Housing Manager	Rent and Resources Manager prefers monthly accounts via orders on system not manual. To investigate part payment on system	On going
4.5.11 Low	That steps should be taken for such essential data to be made available from the system and highlight any performance monitoring inefficiencies that may need addressing.	Area Housing Manager	Currently being reviewed	September 2005