

# Governance, Risk and Best Value Committee

10.00 am, Thursday 22 December 2016

## Housing Property – Service Review and Internal Audit Update – referral from the Health, Social Care and Housing Committee

Item number	7.9
Report number	
Wards	All

### Executive summary

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The Health, Social Care and Housing Committee on 15 November 2016 considered a report from the Executive Director of Place on the Housing Property Service Review and Internal Audit

### Links

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<b>Coalition pledges</b>	See attached report
<b>Council outcomes</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Terms of Referral

## Housing Property – Service Review and Internal Audit Update

### Terms of referral

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- 1.1 The Health, Social Care and Housing Committee on 15 November 2016 considered the attached report by the Executive Director of Place on the services previously known as Edinburgh Building Services and Housing Asset Management which have been brought together to form Housing Property together with details of an Internal Audit into contract management arrangements that had been carried out.
- 1.2 As part of the Transformational Change programme the responsive repair service and capital investment function for Council homes, which had been delivered through Edinburgh Building Services and Housing Asset Management, had undergone a review and a new Housing Property Service has been created which merged these functions within a single structure.
- 1.3 The review had now concluded and the new structure was in the process of being implemented. A copy of the new structure is attached at appendix 1 to the report by the Executive Director of Place. Each Operational Manager has responsibility for a Locality as well as strategic responsibility for a service area. The team leader role has been expanded and now includes responsibility for delivery of both responsive repairs and capital investment within a local area. They will be based largely within the Locality alongside the Local Housing Management team to allow more effective response to local needs and issues. A full training programme is currently underway for the appointed staff and recruitment to vacant posts is ongoing and scheduled to complete by December.
- 1.4 The Internal Audit undertaken in June had provided valuable information allowing the new service to build on areas of identified good practice and improve and strengthen processes and procedures. The outcomes of the Audit had been built into the new service and the training programme for officers.
- 1.5 The review highlighted eight areas of good practice and a total of nine areas for improvement were identified. An action plan was developed to take forward all 31 required actions, 30 of the 31 actions had been completed, with the remaining action on track to complete in advance of the agreed timescale. A copy of the audit report and action plan is attached at appendix 2 of the report by the Executive Director of Place.
- 1.6 The Health, Social Care and Housing Committee agreed:
  - 1.6.1 To note the development of the new Housing Property Service and the focus on supporting locality working.

- 1.6.2 To note the strategic shift in the way the housing service delivers revenue and capital works.
- 1.6.3 To note the eight areas of good practice highlighted by the Internal Audit review carried out in June 2016 and the actions taken to resolve the nine areas of improvement identified.
- 1.6.4 To note that Housing Property performs significantly higher than other Scottish local authorities, in both customer satisfaction and service delivery timescales.
- 1.6.5 To refer the report to Governance, Risk and Best Value Committee.

### For Decision/Action

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- 2.1 The Governance, Risk and Best Value Committee is requested to consider the report.

### Background reading / external references

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Health, Social Care and Housing Committee 15 November 2016.

### Kirsty-Louise Campbell

Interim Head of Strategy and Insight

Contact: Blair Ritchie, Assistant Committee Clerk

E-mail: [blair.ritchie@edinburgh.gov.uk](mailto:blair.ritchie@edinburgh.gov.uk) | Tel: 0131 529 4085

### Links

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<b>Coalition pledges</b>	See attached report
<b>Council outcomes</b>	See attached report
<b>Single Outcome Agreement</b>	See attached report
<b>Appendices</b>	See attached report

# Health, Social Care and Housing Committee

10am, Tuesday, 15th November 2016

## Housing Property – Service Review and Internal Audit Update

Item number [REDACTED]  
Report number  
Executive/routine  
Wards All

### Executive Summary

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As part of the Council's Transformational Change Programme the services previously known as Edinburgh Building Services and Housing Asset Management have been brought together to form Housing Property. The new service creates a single structure which will support the Locality model and provide a more responsive and efficient service with clearer lines of accountability.

An Internal Audit into contract management arrangements and processes within what was EBS and Housing Asset Management has been carried out. Eight areas of good practice and nine areas for improvement were identified.

These findings have been used to build on identified good practice and strengthen process and practice within the new Housing Property Service. Of the 31 agreed actions, 30 have been completed with the remaining action on track to complete within the agreed timescale.

### Links

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Coalition Pledges	P41
Council Priorities	CO16
Single Outcome Agreement	SO4

## Housing Property – Service Review and Internal Audit Update

### 1. Recommendations

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It is recommended that Health Social Care and Housing Committee;

- 1.1 Notes the development of the new Housing Property Service and the focus on supporting locality working
- 1.2 Notes the strategic shift in the way the housing service delivers revenue and capital works.
- 1.3 Notes the eight areas of good practice highlighted by the Internal Audit review carried out in June 2016 and the actions taken to resolve the nine areas of improvement identified.
- 1.4 Notes that Housing Property performs significantly higher than other Scottish local authorities, in both customer satisfaction and service delivery timescales.
- 1.5 Agrees to refer this report to GRBV Committee.

### 2. Background

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- 2.1 As part of the Transformational Change programme the responsive repair service and capital investment function for Council homes, which had been delivered through Edinburgh Building Services and Housing Asset Management, has undergone review and a new Housing Property Service has been created which merges these functions within a single structure.
- 2.2 The service provides responsive repairs and capital investment programmes across just under 20,000 Council properties, including 44 multi storey blocks. Around 89,000 responsive repairs are delivered annually through a combination of the in-house provision of 237 operatives across a range of trades and 40 contracts who provide specialist and /or backup provision to the in house service.
- 2.3 Responsive repairs are customer driven and reported through the Repairs Direct contact line which is managed through Customer Services, and non emergency repairs are scheduled through an appointment system.
- 2.4 The service is driven by a strong customer focus and is ranked within the upper quartile of performers across Scotland.

- 2.5 Customer satisfaction with service is above average with 90% satisfaction reported compared with the Local Authority average of 87%. Complaints around responsive repairs for 2015 were 0.2% of all repairs reported.
- 2.6 The service delivers in excess of £4 million per year to the Council budget.
- 2.7 In June of this year Internal Audit carried out a review of contract management and process within what was then EBS and HAM. The audit identified 8 areas of good practice and 9 areas where improvements were needed.

### 3. Main report

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- 3.1 Housing Property has been developed through the Council's Transformational Change approach and brings together Edinburgh Building Services and Housing Asset Management into a single structure which combines delivery of responsive repairs and capital investment programmes and supports Locality working.
- 3.2 This is a significant strategic shift for the service and is designed to improve effectiveness in delivering core objectives including;
  - Aligned working with local Housing Management teams to improve planning and delivery of repairs and investment at local level and supporting patch working.
  - Development of a streamlined structure reducing management tiers, contributing to Council saving targets and supporting the empowerment of front line staff able to make decisions in response to customer need.
  - Creating a team leader role responsible for delivery of responsive and capital work who will work alongside local housing management teams and allow a more considered and responsive service informing investment plans.
  - Strengthened roles and processes around compliance and contract management.
- 3.3 The review has now concluded and the new structure is in the process of being implemented. A copy of the new structure is attached at appendix 1. Each Operational Manager has responsibility for a Locality as well as strategic responsibility for a service area. The team leader role has been expanded and now includes responsibility for delivery of both responsive repairs and capital investment within a local area. They will be based largely within the Locality alongside the Local Housing Management team to allow more effective response to local needs and issues.
- 3.4 This has been a period of significant change for the service. A full training programme is currently underway for the appointed staff and recruitment to vacant posts is ongoing scheduled to complete by December.

- 3.5 The Internal Audit undertaken in June has provided valuable information allowing the new service to build on areas of identified good practice and improve and strengthen processes and procedures. The outcomes of the Audit have been built into the new service and the training programme for officers.
- 3.6 The scope of the audit was to assess the design and operating effectiveness of the controls relating to contract management and quality assurance within Housing Property.
- 3.7 The Audit identified a number of areas of good practice including;
- Complaints management
  - Tenant consultation
  - Authorisation and Distribution of payments was reasonable and in line with expected spend
  - Off contract spend was nominal, £6,000 pounds against an £8 million budget.
  - Capital works are valued by a Quantity Surveyor and then a three stage sign off for payment
  - Capital works commissioned via mini competition within an existing framework
  - Empty Homes and Kitchen and Bathroom works are all inspected before being approved; payment is not approved until works are completely signed off.
- 3.8 A total of nine areas for improvement were also identified, each with agreed recommendations for action. An action plan was developed to take forward all 31 required actions with outcomes summarised below. 30 of the 31 actions have been completed, with the remaining action on track to complete in advance of the agreed timescale. A copy of the audit report and action plan is attached at appendix 2.
- 3.9 Allocation of works and authorisation of payments.
- All actions have been completed with delegation and authorisation limits reviewed, secondary authorisation and separation of works orders and payments embedded in new processes and compliance checks strengthened.
- 3.10 Scrutiny of invoices
- All actions are completed with invoice processes and procedures completely reviewed. Contractors have been reminded, by letter, of the essential information that must accompany every invoice submitted. A new tracking system has been put in place to ensure that every stage of the invoice process is managed robustly and transparently. This includes the audit of randomly selected invoices as part of the role of the Compliance team and also Housing Property Operations Managers.
- 3.11 Quality

All actions have been completed. Site inspections have been strengthened and will focus on targeted areas including any areas of increased expenditure, customer feedback any potential safety risk or incident. This will be a key role for team leaders

An independent audit of gas safety processes and standards has been carried out by Capita Gas Compliance Services. The audit found that staff and operatives had a good understanding of the requirements of managing gas safety and that guidance in the form of Gas operational procedures and good operational standards were in place.

### 3.12 Repairs Direct

Repairs Direct have put in place an Improvement Plan, which is discussed on a monthly basis with Housing Property officers. Additional staff have been recruited and are currently undergoing training and revised shift patterns are also in place. Joint scrutiny of performance is ongoing and a more fundamental review of the service will be carried out to ensure ongoing improvement to service.

### 3.13 Contract monitoring

All actions are complete with a Contract Management Board, chaired by the Housing Property Manager meeting on a monthly basis. This will scrutinise contract management across both revenue and capital works and will consider the outcomes of regular meetings with contractors and decide on any escalated action as necessary. This process will build on the already robust approach to contract management with 3 contractors removed from contracts in the past 3 years.

### 3.14 Management information

Actions are complete with one action on track to be completed within the agreed timescale. A review of comparable costs of internal and external work and resources is underway which will conclude by December which will contribute to the evaluation of the best balance of internal and external work going forward. Early indications show internal costs to be lower; however, this will require to be validated as the work progresses.

### 3.15 Manual process

A new Council Repairs ICT system is in the planning stage. The scoped requirements for the housing repairs service has been sent to CGI, the Council ICT provider. The requirements need to meet the needs of locality and mobile working and support efficient customer service as well as robust system probity and compliance.

### Housing Property Next Steps

As the new service is implemented all actions from the Internal Audit will be embedded and monitored. Training of staff across the range of expanded functions continues and the focus will remain on continuing to improve customer service in a



locality context while ensuring that all necessary steps are taken to ensure robust contract management and compliance

#### **4. Measures of success**

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- 4.1 Annual benchmarking against other local authorities will continue as a measurement of success of the delivery of the revenue and capital works by Housing Property.
- 4.2 Continuous monitoring and autonomous reporting lines within the Property Compliance team will ensure transparent contract management practices within this service area.
- 4.3 The progression of the Action Plan will track, report and record the improvements made by Housing Property service to resolve all recommendations identified by the Audit Review.
- 4.4 The internal process in place, to review work streams against in-house operative resource one week in advance, before approval to allocate to a sub-contractor, will be monitored to enable internal reporting on a monthly basis.

#### **5. Financial impact**

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- 5.1 The actions taken forward will ensure robust financial monitoring of all contractor spend.

#### **6. Risk, policy, compliance and governance impact**

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- 6.1 The internal audit review was conducted under the auspices of the 2016/17 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2016. This assists the Council to assess and refine the internal control environment.

#### **7. Equalities impact**

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- 7.1 Equalities impact assessments were undertaken when each contract was procured.

#### **8. Sustainability impact**

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- 8.1 Works from the contractor framework are allocated by area allowing contractors to travel within a smaller geographical area, reducing the amount of carbon emissions from vehicles. This will be further reviewed as the Council moves towards the four localities model.

- 8.2 All sub-contractors procure timber from legal and well managed forests which are certified under the third party certification schemes which are in compliance with the criteria set out in the “UK Government Timber Procurement Policy: Criteria for Evaluating Category A Evidence”. Schemes in compliance include the Forestry Stewardship Council (FSC) and the Programme for Endorsement of Forest Certification scheme (PEFC).

## 9. Consultation and engagement

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- 9.1 Housing Property have been working with Internal Audit to ensure actions taken forward will fully resolve the areas for improvement.

## 10. Background reading/external references

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- 10.1 Internal Audit report of June 2016.

### Paul Lawrence

Executive Director, Place

Contact: Susan Mooney, Head of Service

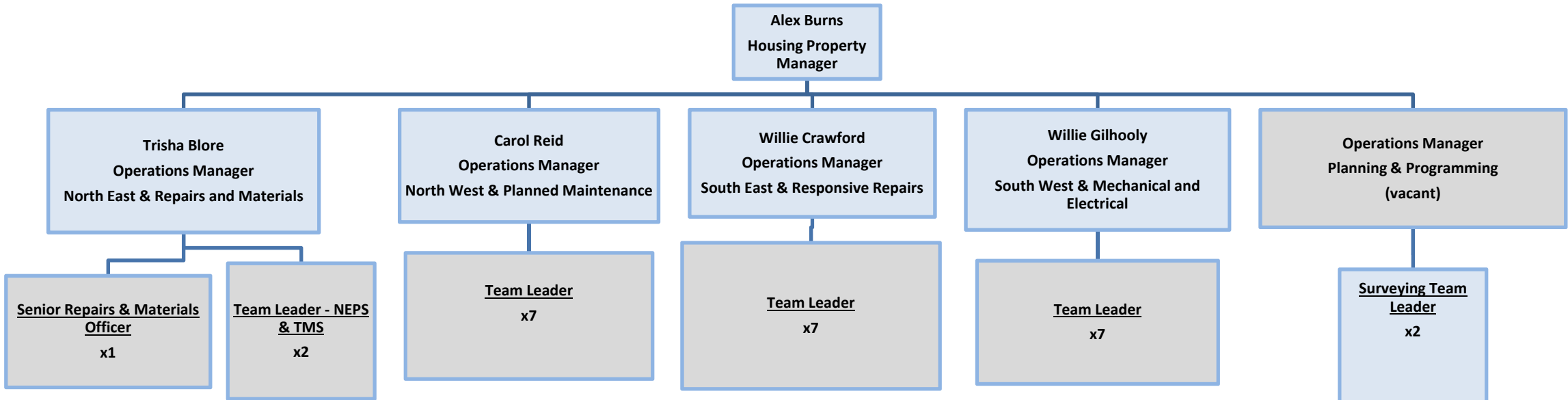
E-mail: [susan.mooney@edinburgh.gov.uk](mailto:susan.mooney@edinburgh.gov.uk) | Tel: 0131 529 7320

## 11. Links

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<b>Coalition Pledges</b>	P41 - Take firm action to resolve issues surrounding the Council's property services.
<b>Council Priorities</b>	CO16 – Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed Neighbourhood.
<b>Single Outcome Agreement</b>	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
<b>Appendices</b>	Appendix One – Housing Property Structure Appendix Two (a) – Internal Audit Report Appendix Two (b) – Audit Action Plan

Appendix – 1 Housing Property Structure





# ***The City of Edinburgh Council***

## **Internal Audit**

### **Contract Management Edinburgh Building Services and Housing Asset Management**

Draft Report  
August 2016

PL1606

# Contents

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This internal audit review is conducted for the City of Edinburgh Council under the auspices of the 2016/17 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2016. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there is a number of specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

# Executive summary

## Total number of findings

Critical	0
High	5
Medium	2
Low	1
Advisory	1
<b>Total</b>	<b>9</b>

## Summary of new findings

From the review the following areas of good practice were identified:

- Complaints management is good with daily reports on outstanding and overdue complaints and a detailed monthly complaints report analysing the nature and volume of complaints;
- There are initiatives to consult tenants and engage them in improving the service, such as tenant-led inspections and open doors events;
- The volume and value of payments is analysed by contractor and by team leader authorising the payment to identify anomalies. Payments authorised in 2015/16 appeared to be reasonable;
- There is very little EBS work procured 'off-contract' with only c. £6,000 identified in 2015/16, against payments to contractors of c. £8m;
- We have analysed the value of payments to contractors in quarter 4 2015/16. The distribution of payments was reasonable, with the highest payments to contractors with several lots on the contract framework;
- Capital works undertaken by contractors for Housing Asset Management (HAM) are valued by a quantity surveyor, with all payments authorised by the project manager, programme manager and EBS manager; and
- Capital works commissioned by Housing Asset Management are procured through mini-competitions with existing framework contractors in line with the Contract Standing Orders.
- Kitchen and Bathroom and Empty Homes works are inspected by a quality control officer before being approved as complete. If any of these works are carried out by a subcontractor, payment is not approved by the team leader until works are completely signed off.

The following areas for improvement were identified:

- There is no segregation of duties over the allocation of work to contractors and approval of invoices, and no limit on the value of works or payments that an EBS team leader can

authorise;

- The contracted schedule of rates is not applied consistently to works orders and to invoices received from contractors;
- Team leaders are not meeting targets for site visits to inspect working practices and the quality of work done by EBS operatives and contractors;
- Repairs Direct is currently struggling to meet demand with only 9.74% of calls answered in 30 seconds in April 2016 against a target of 90%;
- The processes and procedures in place for monitoring the framework contractors are not always followed;
- There is insufficient management information about labour cost available to determine the most efficient use of resources, and to support charges to the Housing Revenue Account;
- The accounts payable process is highly manual. Invoices are inspected and processed by 3 separate teams, but our testing suggests that anomalies are not reliably identified and investigated before payment;
- Two multi-party energy contracts were identified which had not been authorised in line with the contract standing orders; and
- Contract monitoring processes for HAM framework contractors have not yet been established. Two large capital contracts have been terminated due to under performance by contractors identified through monitoring customer complaints. In a separate capital contract, an Improvement Notice has been served and an Improvement Plan is in place.

Our detailed findings and recommendations are laid out within Section 2 and 3: Detailed Findings



# 1. Background and Scope

## Edinburgh Building Services

Edinburgh Building Services (EBS) is the Council's in-house building maintenance service. The services it delivers include:

- Repairs to council houses;
- Planned maintenance and renewals;
- Adaptations to allow tenants to remain in their home;
- Repairs to empty homes to bring them to a lettable standard; and
- Cyclical inspections including gas and lifts.

EBS has an internal workforce which is supplemented by external contractors where specialist skills and materials are required, or EBS do not have the capacity to do the job themselves. Contractor payments were £8.5m in 2015/16, against a projection of £4.5m, which was a reflection in part of the increased activity during the year, with around 10% more work being delivered than originally forecast, as well as limits on the capacity of the internal workforce due to overtime and recruitment freezes. EBS' overall expenditure for the year was 14% higher than budgeted, which was offset by the 10% increase in income from works recharged to the Housing Revenue Account. A surplus of £4.8m was reported for 2015/16 (budgeted surplus £5.1m).

The 32 external contractors used regularly by EBS are appointed under a framework agreement. The main term of these contracts ended on 31 March 2016, with contract extensions signed in May 2016 to allow time to procure the new framework contracts. EBS is also permitted to use contractors from the non-housing framework. There is minimal off-contract spend.

### *Commissioning work*

Over 70% of work delivered by EBS is high volume, low value responsive repairs. Tenants and neighbourhood housing officers call into the Repairs Direct contact centre with requests for repairs. Repairs Direct will then create a works order, and schedule a visit by an EBS operative or by a contractor where EBS do not have the capacity or skills. The call handler can schedule works up to the value of £500 directly, but must seek approval from a Repairs Direct team leader for works above £500 and up to the value of £10,000. An EBS team leader or operations manager approves the works order if it is estimated to cost more than £10,000. The average cost of a repair is £150. If the job is likely to be complex, Repairs Direct may ask a quality control officer (QCO) to visit the home to confirm the nature of work required before they schedule the repair. A works order is raised by Repairs Direct staff which is then sent to the assigned operative's handheld device, or as a job ticket to contractors by EBS.

EBS team leaders pre-approve the use of a contractor for certain trades (for example, a gas repairs contractor is always available during the winter months). Repairs Direct can then schedule the appointment directly. In other cases, the EBS team leader allocates the work to an external contractor selected according to trade and area under the framework contract.

EBS team leaders, operations managers and administrative staff are also able to raise works orders and schedule works directly.

Planned maintenance and cyclical inspections are scheduled by the Central Administration Team. If a contractor is used, they are sent a 'run sheet' with the list of properties to be covered and asked to schedule the work themselves.

EBS is notified of empty homes by the neighbourhood offices. A QCO visits the property to assess work required to bring it to a lettable condition. The team leader then allocates the work to an EBS operative or appoints a framework contractor. The QCO inspects the property once the work is complete and

notifies the neighbourhood office that it can be re-let. EBS have a target of 12 days to bring empty homes to a lettable condition. The average cost of works to an empty home is £3,000.

### *Payments*

Once work is complete, the contractor sends their invoice to EBS with the job ticket attached. The gas safety certificate must also be submitted for gas servicing jobs. All work should be billed using the schedule of rates. A code and rate has been assigned to over 4,000 activities, with a 'miscellaneous' or 'day rate' to be used on the rare occasion where work does not fit one of those activities. The contractor bills EBS at an agreed deduction or uplift to the base schedule of rates.

Team leaders inspect the invoice and job ticket to verify that the charges reflect work commissioned and completed, and that the agreed schedule of rates has been applied. They sign the invoice to authorise payment. There is no limit on the value of payments a team leader can authorise.

The EBS Compliance team then review invoices and process them on the Total works management system, before sending them on to Accounts Payable for payment. The Compliance team monitor the volume and value of payments authorised by team leaders, and will investigate or reject invoices where there are clear anomalies (for example where work has already been billed and paid).

### *Performance 2015/16*

The performance team report monthly to the EBS Business Management Team against key performance measures. EBS has focussed on customer service in the past 4-5 years, and the key performance measures are designed to monitor and improve service levels with challenging targets:

	Target	2015/16 Performance
Responsive Repairs on Time	99%	90%
Kitchen and Bathrooms on time	97%	86%
Empty Homes Turnaround	12 days	12.86 days
Tenants Satisfaction	94%	90%
Complaints closed on time	90%	79%*

\*April 2016 performance

### **Housing Asset Management**

Housing Asset Management (HAM) delivers the capital programme for council housing. Its key activities include the kitchen and bathrooms replacement scheme, external fabric repairs, and energy projects delivered with Changeworks. HAM has a contract framework which was approved by the Finance and Resources Committee in March 2015. Due to the high value of many of its projects, HAM invites at least three framework contractors to tender for each project. The contract for each project is awarded in line with the Council's Contract Standing Orders.

Expenditure on the core capital programme for housing in 2015/16 was c. £39m.

### **Review of Service**

As part of the Transformational Change Programme, EBS and HAM no longer exist as separate services and are now subsumed within Housing Property Services which has combined responsive and planned maintenance within a new structure to better deliver a focused and more efficient service which can support the locality model. The development of the new service has involved a review of roles at Operational Manager and Team Leader levels. Matching and assignment to these roles is currently underway and will be concluded by end August. New structures will come into effect at beginning of September with a full training programme for all staff appointed.

## Scope

The scope of this review will be to assess the design and operating effectiveness of the Council's controls relating to contract management and quality assurance in Edinburgh Building Services. The sub-processes and related control objectives included in the review are:

- Appointment of contractors;
- Commissioning revenue and capital works;
- Contract monitoring;
- Quality assurance; and
- Management information.

Testing for this review focused on a sample basis for the period 1 June 2015 to 31 May 2016. For the full terms of reference see Appendix 2.

## 2. Detailed findings: revenue works

### 1. Allocation of works to contractors and authorisation of payments

#### Finding

A framework contractor can be instructed to undertake a job by any EBS team leader, surveyor or operations manager with no secondary authorisation required.

This is appropriate for most EBS repairs where a speedy response is required and the works are routine and low value. However:

- There is no threshold above which the allocation of work to an external contractor must be authorised by a senior officer;
- There is no limit on the value of payments which a team leader may authorise;
- Team leaders are permitted to authorise payment for work which they themselves instructed the contractor to complete.

As an illustration (and there were no concerns over this piece of work), there was one payment for £17,710 in our sample which was authorised by the senior surveyor who had instructed the contractor to complete those works. The original works order was created by Repairs Direct on the instructions of the senior surveyor with an estimated value below their £10,000 authorisation limit.

#### Business Implication

- Increased risk of fraud where there is no segregation of duties over commissioning and payments;
- Risk of inefficient use of resources; and
- Poor budget management where budget holders do not have sight of high value contracted work before the invoice is paid and expenditure is recorded.

#### Finding Rating

High

#### Action plans

##### Recommendation

##### *Commissioning works*

A scheme of delegation should be agreed to establish authorisation limits for officers.

We recommend that high value works are authorised by a second individual before an external contractor is instructed to complete the works.

##### *Authorisation of payments*

A scheme of delegation should be agreed to establish authorisation limits for team leaders, operations managers and senior managers.

We recommend that high value invoices are authorised by a second individual.

Officers must not authorise payments for works which they themselves allocated to the contractor.

##### Responsible Officer

Housing Property Manager

Agreed Management Action	Estimated Implementation Date
<ul style="list-style-type: none"> <li>Review current schemes of delegation for authorisation limits and authorisation of payments for repair ordering in Repairs Direct and Housing Property. This will include a secondary approval stage for orders and invoices of high value.</li> </ul>	30 September 2016
<ul style="list-style-type: none"> <li>The allocation of works process (assigning work to a procured contractor) will be reviewed and a robust system identified and embedded to ensure that an officer does not authorise the payment of any works which they ordered</li> </ul>	30 September 2016
<ul style="list-style-type: none"> <li>All staff involved in authorisation of work and payments will be trained in these new limits and processes.</li> </ul>	31 October 2016
<ul style="list-style-type: none"> <li>Role of compliance teams will be strengthened and include a percentage audit of authorisation processes and secondary approvals. Any anomalies will be reported to the Housing Property Manager.</li> </ul>	30 September 2016
<ul style="list-style-type: none"> <li>Contract Management Board meetings will be set up and held monthly, chaired by Housing Property Manager. These board meetings will scrutinise contract management across the service, for both revenue and capital works. A quarterly report will be brought to the Housing and Regulatory Services Senior Management Team.</li> </ul>	First meeting will be held on 22 August 2016

## 2. Scrutiny of invoices

### Finding

All works procured under the framework contract should be ordered and invoiced using the schedule of rates agreed with the contractor. Team leaders should review all invoices received to confirm that the charges reflect the work commissioned and completed, and all work is charged according to the schedule of rates.

We reviewed a sample of 35 paid invoices which had been authorised by team leaders and identified:

- 8 invoices with no schedule of rates codes listed. It is unclear how the team leader authorising payment was able to verify that charges were accurate;
- A further 4 invoices which referred to a valuation certificate the team leader who authorised the payment was unable to provide;
- 4 invoices with no works order attached. The original works order should be attached to each invoice as evidence that the work billed was commissioned by EBS; and
- 7 invoices where billed items were not listed on the original works order. There was no evidence that the team leader had challenged these charges.

We were unable to reconcile any charges on the invoices to the schedule of rates provided by EBS.

### Business Implication

- There is a risk that the Council is overcharged for work completed where the contract schedule of rates is not applied.
- There is a risk that EBS is incorrectly charged for work which was not commissioned and/or has not been completed.

### Finding Rating

**High**

### Action plans

#### Recommendation

Payments to contractors should only be made where it has been established that the agreed work has been completed, and has been billed at the contracted rate.

We recommend that:

- Invoices are rejected where there is no job ticket attached;
- Invoices are rejected where the schedule of rates is not clearly applied; and
- It is ensured that team leaders have the correct schedule of rates so they can check the accuracy of charges.

#### Responsible Officer

Housing Property Manager

#### Agreed Management Action

- Letter will be sent to contractors re-iterating the requirement to comply with all aspects of invoice submissions. Where this is not complied with the invoice will be rejected.
- SORs have been re-issued to contactors and Team Leaders
- Variation to any works order will require to be agreed in advance of work being carried out. Any variation above a set financial limit will require sign off by Team Leader or Operations Manager,

#### Estimated Implementation Date

Complete

Complete

30 September 2016

depending on the value. This will be communicated to contractors.

- Process for authorisation of invoices will be reviewed ensuring clarity on authorisation limits, what information/documentation must be present for sign off, where invoices should be rejected.
- All relevant staff will be retrained on revised procedures including SORs.
- Random selection of invoices from each contractor will be investigated each month by the Compliance Team to ensure that agreed submission and authorisation processes are being followed. Any anomalies will be reported to the Housing Property Manager.
- Contract Management Board meetings will be set up and held monthly, chaired by Housing Property Manager. These board meetings will scrutinise contract management across the service, for both revenue and capital works. A quarterly report will be brought to the Housing and Regulatory Services Senior Management Team.

30 September 2016

31 October 2016

31 October 2016

First Meeting will be held  
22 August 2016

### 3. Quality assurance

Finding	
<p>Each team leader is expected to conduct 20 site visits a month. These site visits should cover both EBS operatives and sub-contractors in order to verify that work is being completed safely and to an acceptable standard.</p> <p>Team leaders completed 1,344 site visits between April 2015 and March 2016, 49% of the target number of visits. This covers c. 1% of jobs completed in the year (127,000), and does not give sufficient data to monitor the quality of work completed by EBS and its contractors.</p>	
Business Implication	Finding Rating
<ul style="list-style-type: none"> <li>There is a risk that the unsafe working practices and poor quality work are not identified and addressed.</li> </ul>	<div style="background-color: red; color: white; padding: 10px; display: inline-block;"><b>High</b></div>

Action plans	
Recommendation	Responsible Officer
<p>The quality assurance framework should be reviewed to achieve a targeted approach with focus on areas identified as higher risk through analysis of customer feedback, value of work completed, and potential safety risk. This should include recorded site visits.</p>	<p>Housing Property Manager</p>
Agreed Management Action	Estimated Implementation Date
<ul style="list-style-type: none"> <li>An improved Site Inspection Checklist has been devised, which includes a scoring framework for works.</li> <li>Site inspection will be targeted to contractors, and individual trades based on analysis of increased expenditure, customer feedback and any potential or reported safety risk or incidents. The programme will target 2% of jobs completed.</li> <li>Empty Homes and Kitchen and Bathroom inspections will be included as part of the quality assurance check process. This would provide an additional 2,500 inspections within the programme.</li> <li>All relevant staff will be trained on revised procedure.</li> <li>Independent Review of Gas Safety Processes and Standard of Work to be carried out.</li> <li>Contract Management Board meetings will be set up and held monthly, chaired by Housing Property Manager. These board meetings will scrutinise contract management across the service, for both revenue and capital works. A quarterly report will be brought to the Housing and Regulatory Senior Management Team.</li> </ul>	<p>Complete</p> <p>30 September 2016</p> <p>Complete</p> <p>End October 2016</p> <p>Complete</p> <p>First meeting will be held 22 August 2016</p>



- Discussion will be held with Procurement Services on Housing Property being early adopters of revised corporate contract management processes.

Discussion by end August 2016.

## 4. Repairs Direct

### Finding

Requests for repairs from tenants and neighbourhood housing officers are placed through the Repairs Direct contact centre which is managed by Customer Services. Repairs Direct programme work directly or refer the request to a quality control officer if it is judged to be complex. Repairs Direct receive around 10,000 calls a month.

Repairs Direct has experienced significant resourcing difficulties in the past year, with the number of call handlers falling from 19 in April 2015 to 10 in April 2016. The sickness absence rate was 10% in April 2016.

This has had a noticeable impact on performance. Only 10% of calls from tenants were answered within 30 seconds in April 2016, against a target of 90% set out in the current SLA. This compares with 75% in April 2015. 33% of incoming calls were abandoned, compared to 6% in April 2015.

It should be noted that future targets will be set for the Contact Centre as a whole, and on implementation of the Transactional Services review the target will be 55% of all calls coming in to the Contact Centre to be answered within 30 seconds.

### Business Implication

- Decreasing customer satisfaction with EBS due to poor customer experience at first contact;
- Risk of inefficient use of senior officer time in addressing increased number of complaints; and
- Risk of delays in responding to emergency repair needs.

### Finding Rating

**High**

### Action plans

#### Recommendation

Customer Services should put in place a clear action plan with a view to achieving full compliance with the Service Level Agreement between EBS and Repairs Direct within an agreed timescale.

Management should consider accelerating channel shift at Repairs Direct to increase the proportion of requests made online and reduce the pressure on staffing at the contact centre.

#### Responsible Officer

Operations Manager for Repairs Direct

#### Agreed Management Action

#### Estimated Implementation Date

The recommendation to consider accelerating Channel Shift at Repairs Direct will be taken to Senior Managers in the Resources directorate.

Discussed with Repairs Direct on 20 July 2016

Performance measures set out in the SLA will be jointly scrutinised and monitored on a monthly basis.

Complete

Staffing at Repairs Direct to be reviewed and additional staff put in place.

Complete

Revised shift patterns to be implemented.

Complete

## 5. Contract Monitoring

### Finding

Key performance indicators are set out in service level agreements under the contract framework. Together with quarterly meetings with the contractor, these are designed to allow the contract manager to monitor service levels and address underperformance promptly.

We reviewed performance data and the minutes of meetings with 10 contractors for quarters 3 and 4 and noted:

- Only one meeting had been held with a contractor in quarter 3, and only 5 in quarter 4;
- No performance data had been collated between July 2015 and February 2016; and
- Compliance with 'emergency' and 'urgent' response times has not been consistently monitored as contractors do not reliably text back on arrival and completion of a job as required under the service level agreement.

### Business Implication

- There is a risk that framework contractors are not meeting agreed service standards, compromising the quality and value for money the contract framework was designed to deliver.

### Finding Rating

**Medium**

### Action plans

#### Recommendation

The existing EBS contract monitoring procedures, which stipulate key performance indicators and quarterly progress meetings with contractors, should be followed.

Contractors should be reminded of the requirement to supply data, such as texts on completion, which allow EBS to monitor performance effectively.

#### Responsible Officer

Housing Property Manager

#### Agreed Management Action

#### Estimated Implementation Date

- Contract Management Board meetings will be set up and held monthly, chaired by Housing Property Manager. These board meetings will scrutinise contract management across the service, for both revenue and capital works. A quarterly report will be brought to the Housing and Regulatory Services Senior Management Team
- Within the new Housing Property Structure the focus of the in-house Compliance team will be to audit all aspects of the practices and procedures of contract management and to report findings directly to the Housing Property Manager. Members of team will be trained in role and required processes.
- Letter will be sent to contractors re-iterating the requirement to comply with all aspects of invoice submissions. Where this is not complied with the invoice will be rejected.

First meeting 22 August 2016

30 September 2016

Complete

## 6. Management information

### Finding

#### *Labour costs*

We asked EBS to provide us with an analysis of the relative costs of using EBS operatives and contractors. We would expect management to have this information available to enable them to assess the most effective use of resources where there is a choice of using in-house resource or a contractor.

Management provided us with a resource business case. However, the assumptions used in calculating the annual cost to EBS of employing additional operatives, or of using agency staff or contractors to meet demand, were flawed.

#### *Schedule of rates*

We were also provided with the base schedule of rates, which is used to calculate EBS operative productivity, and to charge all repairs to the Housing Revenue Account (HRA) whether completed by EBS or by a contractor. Housing may then pass the charge on to tenants where there is deliberate damage.

Management were unable to explain how the base schedule of rates had been calculated. We selected a sample of 10 invoices, and compared the amount billed by the contractor to the amount charged to HRA. The uplift ranged from 4.7% to 80%.

### Business Implication

- Insufficient information available to determine the most cost effective use of resources; and
- Charges to HRA may not be based on a reasonable evaluation of the cost of repairs.

### Finding Rating

**Medium**

### Action plans

#### Recommendation

- 1) The true cost of using an EBS operative should be calculated to allow management to assess the most effective use of resources.
- 2) The cost of using EBS internal resources and private contractors should be reviewed to ensure the most effective use of resources.
- 3) The schedule of rates should be reviewed to ensure that charges to HRA are reasonable.

#### Responsible Officer

Housing Property Manager

#### Agreed Management Action

- EBS will work with Finance colleagues to agree a formula to calculate the true cost of EBS operatives and external contractors.
- A business case to procure a consultant to review the SOR rates will be put forward to Commercial Procurement Services.
- A review of the cost of external and internal resources will be carried out.

#### Estimated Implementation Date

30 September 2016

31 August 2016

31 December 2016

## 7. Manual process

### Finding

The accounts payable process at EBS is highly manual. Paper invoices are signed by the team leaders to confirm that they have checked that:

- the charges reflect the work commissioned according to the attached job ticket;
- the work has been completed satisfactorily; and
- all work is charged according to the schedule of rates.

Invoices are then reviewed by the Compliance Team, who select the appropriate schedule of rates codes on Total to charge costs to HRA, before being sent to Accounts Payable for payment.

The 13 team leaders authorise around 32,000 invoices a year. Such volumes mean that team leaders are unlikely to have sufficient time to scrutinise invoices and detect false or incorrect charges, and also reduces the time available for site visits and other operational activity. This is compounded by the low level of compliance identified in our testing which means that more time is need to investigate and resolve discrepancies on invoices: we were able to match the schedule of rates codes directly to those quoted on the job ticket for only 9 of the 35 invoices inspected.

### Business Implication

- Ineffective use of resources in a manual process with a high error rate and duplication of activities; and
- Risk of financial loss to the Council if false or incorrect charges are not identified due to human error and the volume invoices processed.

### Finding Rating

**Advisory**

### Action plans

#### Recommendation

We recommend that Housing Property investigates ways of streamlining and automating the invoice approval system. This may include:

- Enforcing the use of schedule of rates codes and values on works orders, so invoices received can be directly matched to the works order. This would allow team leaders to focus on exceptions or high value invoices.
- Rejecting invoices received from contractors where the schedule of rates is not applied.
- Ensuring that the new system can be used on mobile devices and supports electronic invoicing and automatic application of a schedule of rates, to enable team leaders to review and authorise invoices remotely and reduce admin time.

#### Responsible Officer

Housing Property Manager

#### Agreed Management Action

#### Estimated Implementation Date

- Refresher training to be rolled out to all relevant staff regarding all aspects of authorisation or work and invoices including checking of SORs. Where schedule of rates have not been applied, the invoice will be rejected.
- The requirements for the new ICT system to support electronic

31 October 2016

30 September 2016

invoicing will form part of the scoping document which will be submitted to ICT team.

# 3. Detailed findings: capital works

## 1. Contract monitoring

Finding	
<p>The contract framework for capital works was approved by the Finance and Resources Committee in March 2015. The committee report stipulated that key performance indicators would be used to measure the success of the framework, assessing service levels, quality, and health and safety and technical compliance.</p> <p>To date, contract monitoring arrangements have not been embedded and key performance measures have not been assessed for HAM contractors.</p> <p>However, HAM has identified a number of performance issues through monitoring customer complaints. Two high value capital contracts have been terminated due to poor performance, and another contractor has had an Improvement Notice served. An Improvement Plan is now in place and is monitored closely.</p>	
Business Implication	Finding Rating
<ul style="list-style-type: none"> <li>There is a risk that framework contractors are not meeting agreed service standards, compromising the quality and value for money the contract framework was designed to deliver.</li> </ul>	<div style="background-color: red; color: white; padding: 10px; width: 60px; margin: 0 auto;">High</div>

Action plans	
Recommendation	Responsible Officer
Contract monitoring procedures should be established which include regular assessment of key performance indicators and performance meetings with contractors.	Housing Property Manager
Agreed Management Action	Estimated Implementation Date
<p>Bi monthly meetings will be held with contractors which will include review of KPI performance, quality of work, cost and safety.</p> <p>Capital contracts will be included in the remit of the Contract Management Board which will sit on a monthly basis, chaired by the Housing Property Manager. Reports on KPIs, quality, cost and safety will be reviewed by the contract management board so that any issues will be quickly identified and risk managed appropriately.</p>	<p>31 August 2016</p> <p>First meeting of Board on 22 August 2016</p>

## 2. Capital projects procured by third parties

### Finding

Housing Asset Management pays a contribution towards works organised and procured by third parties such as Changeworks for energy projects (HEEPS) and private owners in mixed tenure buildings. The Council approves the award of the contract.

We identified two separate energy contracts with a single supplier for £756k and £913k. We would expect the contract award to have been approved by an executive director in line with the Council's contract standing orders. These contracts were approved under by the then Head of Housing and Regeneration.

### Business Implication

- Officers approving multi-party contracts do not have the authority to contract on behalf of the Council.

### Finding Rating

Low

### Action plans

#### Recommendation

Contracts must be approved in line with contract standing orders even where the procurement exercise is run by a third party.

#### Responsible Officer

Head of Service

#### Agreed Management Action

Housing Property will ensure that all contracts are approved in line with contract standing orders. All delegated authority approval will be evidenced for records.

Compliance Team will audit complaint sign off of contracts as part of their monthly audit; any anomalies will be reported to Housing Property Manager and Head of Service.

#### Estimated Implementation Date

Complete

30 September 2016



# Appendix 1 - Basis of our classifications

Finding rating	Assessment rationale
<b>Critical</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Critical</b> impact on operational performance; or</li> <li>• <b>Critical</b> monetary or financial statement impact; or</li> <li>• <b>Critical</b> breach in laws and regulations that could result in material fines or consequences; or</li> <li>• <b>Critical</b> impact on the reputation or brand of the organisation which could threaten its future viability.</li> </ul>
<b>High</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Significant</b> impact on operational performance; or</li> <li>• <b>Significant</b> monetary or financial statement impact; or</li> <li>• <b>Significant</b> breach in laws and regulations resulting in significant fines and consequences; or</li> <li>• <b>Significant</b> impact on the reputation or brand of the organisation.</li> </ul>
<b>Medium</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Moderate</b> impact on operational performance; or</li> <li>• <b>Moderate</b> monetary or financial statement impact; or</li> <li>• <b>Moderate</b> breach in laws and regulations resulting in fines and consequences; or</li> <li>• <b>Moderate</b> impact on the reputation or brand of the organisation.</li> </ul>
<b>Low</b>	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Minor</b> impact on the organisation's operational performance ; or</li> <li>• <b>Minor</b> monetary or financial statement impact; or</li> <li>• <b>Minor</b> breach in laws and regulations with limited consequences; or</li> <li>• <b>Minor</b> impact on the reputation of the organisation.</li> </ul>
<b>Advisory</b>	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

# Appendix 2 – Terms of Reference

To: Paul Lawrence

From: Gemma Dalton  
Principal Audit Manager

Date: 19 May 2016

Cc: Alex Burns, Susan Mooney, Hugh Dunn

This review is being undertaken at the request of the Governance, Risk and Best Value Committee.

## Background

Edinburgh Building Services (EBS) is the Council's in-house building maintenance service. The services it delivers include:

- Emergency repairs to council houses
- Planned maintenance and renewals
- Repairs requested by tenants and repairs to empty homes
- Cyclical inspections including gas and lifts
- Stair lighting repairs and maintenance in communal stairs

EBS has an internal workforce, which is supplemented by external contractors appointed under a framework agreement.

## Scope

The scope of this review will be to assess the design and operating effectiveness of the Council's controls relating to contract management and quality assurance in Edinburgh Building Services.

The sub-processes and related control objectives included in the review are:

Sub-process	Control Objectives
Contracting	<ul style="list-style-type: none"><li>• Contractors are appointed following a competitive tender process in accordance with corporate procurement policy and EU law.</li><li>• The scope of work and cost are agreed with the contractor before work begins.</li><li>• The scope of work and cost are authorised in line with corporate policy before work begins.</li><li>• Variations to the scope of contracted work are authorised in line with corporate policy.</li><li>• Payments to contractors are only made where the agreed work is completed to a satisfactory standard.</li></ul>
Contract Monitoring	<ul style="list-style-type: none"><li>• Performance measures agreed with each contractor allow Edinburgh Building Services to assess quality, price and delivery.</li><li>• Performance information is meaningful and accurate.</li><li>• Performance information is monitored throughout the contract.</li><li>• Appropriate action is taken where contractors do not meet agreed service standards.</li></ul>

Quality	<ul style="list-style-type: none"> <li>• Faulty or defective work undertaken by EBS staff and contractors is identified and addressed promptly.</li> <li>• Complaints are investigated and resolved promptly.</li> <li>• Complaints are monitored to identify and resolve recurring issues.</li> <li>• Management information is meaningful and accurate, and allows management to assess quality, price and delivery of works carried out by EBS staff and contractors.</li> </ul>
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### Limitations of Scope

The scope of our review is outlined above. Testing will be undertaken on a sample basis for the period 1 June 2015 to 31 May 2016, and will include revenue works undertaken by EBS and capital works undertaken by the Housing Asset Management service.

### Approach

Our audit approach is as follows:

- Obtain an understanding of contract management, monitoring and quality assurance through discussions with key personnel, review of systems documentation and walkthrough tests;
- Identify the key risks around contract management, monitoring and quality assurance;
- Evaluate the design of the controls in place to address the key risks; and
- Test the operating effectiveness of the key controls.

### Internal Audit Team

Name	Role	Contact Details
Magnus Aitken	Chief Internal Auditor	0131 469 3143
Gemma Dalton	Principal Audit Manager	0131 469 3077
Elizabeth Maccallum	Internal Auditor	0131 469 3225

### Key Contacts

Name	Title	Role	Contact Details
Paul Lawrence	Executive Director – Place	Review Sponsor	0131 529 7325
Alex Burns	EBS Manager	Key Contact	0131 529 5890
Susan Mooney	Head of Housing & Regulatory Services	Head of Service	0131 529 7587

### Timetable

Fieldwork Start	23 May 2016
Fieldwork Completed	3 June 2016
Draft report to Auditee	17 June 2016
Response from Auditee	1 July 2016

### Follow Up Process

Where reportable audit findings are identified, the extent to which each recommendation has been implemented will be reviewed in accordance with estimated implementation dates outlined in the final report.

Evidence should be prepared and submitted to Audit in support of action taken to implement recommendations. Actions remain outstanding until suitable evidence is provided to close them down.

Monitoring of outstanding management actions is undertaken via monthly updates to the Director and his business manager. The business manager liaises with service areas to ensure that updates and appropriate evidence are provided when required.

Details of outstanding actions are reported to the Governance, Risk & Best Value (GRBV) Committee on a quarterly basis.

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## Appendix 1: Information Request

It would be helpful to have the following available prior to our audit or at the latest our first day of field work:

- List of framework contractors for EBS and HAM
- Revenue works undertaken in October 2015, January 2016 and March 2016
- Capital works undertaken between 1 April 2015 and 31 March 2016

This list is not intended to be exhaustive; we may require additional information during the audit which we will bring to your attention at the earliest opportunity.

**Appendix 2 b - HOUSING PROPERTY INTERNAL AUDIT REPORT ACTION PLAN NOVEMBER 2016**

<b>ACTIONS</b>	<b>DEADLINE</b>	<b>COMMENTS</b>
<b>AGREED MANAGEMENT ACTIONS FROM I.A. REPORT</b>		
<b>1. Allocation of works to contractors and authorisation of payments</b>		
<b>1.1</b> • Review current schemes of delegation for authorisation limits and authorisation of payments for repair ordering in Repairs Direct and Housing Property. This will include a secondary approval stage for orders and invoices of high value.	Complete	Scheme of delegation reviewed, procedure agreed and process mapping completed.
<b>1.2</b> • The allocation of works process (assigning work to a procured contractor) will be reviewed and a robust system identified and embedded to ensure that an officer does not authorise the payment of any works which they ordered	Complete	Process agreed, system identified to ensure the same officer does not authorise payment and pass works to contractor. Process mapping completed.
<b>1.3</b> • All staff involved in authorisation of work and payments will be trained in these new limits and processes.	Complete	Training has been completed.
<b>1.4</b> • Role of compliance teams will be strengthened and include a percentage audit of authorisation processes and secondary approvals. Any anomalies will be reported to the Housing Property Manager.	Complete	Process reviewed to ensure invoices are checked for SORs, job ticket matching, contractors percentage and completion on system. New data base created to track each invoice at every stage. Further training completed.
<b>1.5</b> • Contract Management Board meetings will be set up and held monthly, chaired by Housing Property Manager. These board meetings will scrutinise contract management across the service, for both revenue and capital works. A quarterly report will be brought to the Housing and Regulatory Services Senior Management Team.	Complete	These meetings began in August and are being held monthly.
<b>2. Scrutiny of Invoices</b>		
<b>2.1</b> • Letter will be sent to contractors re-iterating the requirement to comply with all aspects of invoice submissions. Where this is not complied with the invoice will be rejected.	Complete	Letter sent 6 July 2016.
<b>2.2</b> • SORs have been re-issued to contractors and Team Leaders.	Complete	Sent out on the 6 July. Team Leaders briefed and re-issued with SORs.
<b>2.3</b> • Variation to any works order will require to be agreed in advance of work being carried out. Any variation above a set financial limit will require sign off by Team Leader or Operations Manager, depending on the value. This will be communicated to contractors.	Complete	Process reviewed and agreed and limit set for approval of variations. Process mapping complete, and contractors advised.

<b>2.4•</b> Process for authorisation of invoices will be reviewed ensuring clarity on authorisation limits, what information/documentation must be present for sign off, where invoices should be rejected.	Complete	Processes reviewed and revised, process mapping complete.
<b>2.5•</b> All relevant staff will be retrained on revised procedures including SORs.	Completed	Training completed.
<b>2.6•</b> Random selection of invoices from each contractor will be investigated each month by the Compliance Team to ensure that agreed submission and authorisation processes are being followed. Any anomalies will be reported to the Housing Property Manager.	Complete	The process has been reviewed and the random selection of invoices is now in place.
<b>2.7•</b> Contract Management Board meetings will be set up and held monthly, chaired by Housing Property Manager. These board meetings will scrutinise contract management across the service, for both revenue and capital works. A quarterly report will be brought to the Housing and Regulatory Services Senior Management Team.	Complete	These meetings began in August and are being held monthly.
<b>3. Quality Assurance</b>		
<b>3.1•</b> An improved Site Inspection Checklist has been devised, which includes a scoring framework for works.	Complete	Revised checklist has been issued to all staff week commencing 25 July and briefings held.
<b>3.2•</b> Site inspection will be targeted to contractors, and individual trades based on analysis of increased expenditure, customer feedback and any potential or reported safety risk or incidents. The programme will target 2% of jobs completed.	Complete	In place and being reviewed at monthly Contract Management Board meetings.
<b>3.3•</b> Empty Homes and Kitchen and Bathroom inspections will be included as part of the quality assurance check process. This would provide an additional 2,500 inspections within the programme.	Complete	This is now in place and reported through the Contract Management monthly meeting.
<b>3.4•</b> All relevant staff will be retrained on revised procedure.	Complete	Training is complete.
<b>3.5•</b> Independent Review of Gas Safety Processes and Standard of Work to be carried out.	Complete	Independent Audit of gas processes has been carried out and reported.

<p><b>3.6•</b> Contract Management Board meetings will be set up and held monthly, chaired by Housing Property Manager. These board meetings will scrutinise contract management across the service, for both revenue and capital works. A quarterly report will be brought to the Housing and Regulatory Senior Management Team.</p>	<p>Complete</p>	<p>These meetings began in August and are being held monthly.</p>
<p><b>3.7•</b> Discussion will be held with Procurement Services on Housing Property being early adopters of revised corporate contract management processes.</p>	<p>Complete</p>	<p>Discussions are in progress.</p>
<p><b>4. Repairs Direct</b></p>		
<p><b>4.1•</b> The recommendation to consider accelerating Channel Shift at Repairs Direct will be taken to Senior Managers in the Resources directorate.</p>	<p>Complete</p>	<p>Contact Centre is fully aware of Audit recommendations. Monthly meetings are scheduled to review all audit actions with Contact Centre, this is part of the monthly Performance meetings with Repairs Direct . Channel Shift discussions are underway to identify suitable areas of work.</p>
<p><b>4.2•</b> Performance measures set out in the SLA will be jointly scrutinised and monitored on a monthly basis.</p>	<p>Complete</p>	<p>Monthly meetings being held.</p>
<p><b>4.3•</b> Staffing at Repairs Direct to be reviewed and additional staff put in place.</p>	<p>Complete</p>	<p>Recruitment for additional resource is underway and will be reviewed at the monthly meeting. This will be in place until until Channel Shift work stream has been implemented and improvement impact shown.</p>
<p><b>4.4•</b> Revised shift patterns to be implemented.</p>	<p>Complete</p>	<p>This has been done with the best option for shifts under constant review.</p>
<p><b>5. Contract Monitoring</b></p>		
<p><b>5.1•</b> Contract Management Board meetings will be set up and held monthly, chaired by Housing Property Manager. These board meetings will scrutinise contract management across the service, for both revenue and capital works. A quarterly report will be brought to the Housing and Regulatory Services Senior Management Team</p>	<p>Complete</p>	<p>These meetings began in August and are being held monthly.</p>
<p><b>5.2•</b> Within the new Housing Property Structure the focus of the in-house Compliance team will be to audit all aspects of the practices and procedures of contract management and to report findings directly to the Housing Property Manager. Members of team will be trained in role and required processes.</p>	<p>Complete</p>	<p>Revised process and procedures in place and training complete.</p>
<p><b>5.3•</b> Letter will be sent to contractors re-iterating the requirement to comply with all aspects of invoice submissions. Where this is not complied with the invoice will be rejected.</p>	<p>Complete</p>	<p>Issued on the 6 July 2016.</p>

<b>6. Management Information</b>		
<b>6.1•</b> Housing Property will work with Finance colleagues to agree a formula to calculate the true cost of EBS operatives and external contractors.	Complete	A model has been agreed.
<b>6.2•</b> A business case to procure a consultant to review the SOR rates will be put forward to Commercial Procurement Services.	Complete	Business case has been approved and this is being progressed.
<b>6.3•</b> A review of the cost of external and internal resources will be carried out.	On going - on target	This is underway and on target to complete within timescale.
<b>7. Manual Processes</b>		
<b>7.1•</b> Refresher training to be rolled out to all relevant staff regarding all aspects of authorisation or work and invoices including checking of SORs. Where schedule of rates have not been applied, the invoice will be rejected.	Complete	Training has been completed.
<b>7.2•</b> The requirements for the new ICT system to support electronic invoicing will form part of the scoping document which will be submitted to ICT team.	Complete	Specification information was shared with the ICT Team in July.
<b>8. Contract Monitoring</b>		
<b>8.1 •</b> Bi monthly meetings will be held with contractors which will include review of KPI performance, quality of work, cost and safety.	Complete	Meetings being held monthly.
<b>8.2•</b> Capital contracts will be included in the remit of the Contract Management Board which will sit on a monthly basis, chaired by the Housing Property Manager. Reports on KPIs, quality, cost and safety will be reviewed by the contract management board so that any issues will be quickly identified and risk managed appropriately.	Complete	These meetings began in August and are being held monthly.
<b>9. Capital projects procured by third parties</b>		
<b>9.1•</b> Housing Property will ensure that all contracts are approved in line with contract standing orders. All delegated authority approval will be evidenced for records.	Complete	
<b>9.2 •</b> Compliance Team will audit compliant signed off contracts as part of their monthly audit; any anomalies will be reported to Housing Property Manager and Head of Service.	Complete	In place and being reviewed at monthly contract Management Board meeting.