Governance, Risk and Best Value Committee

10.00am, Tuesday, 20 February 2024

Internal Audit Update Report: Quarter 3 2023/24

Executive/routine

Wards

1. Recommendations

1.1 It is recommended that the Committee:

1.1.1. notes progress with the 2023/24 Internal Audit (IA) plan approved by Committee in March 2023

1.1.2. reviews the outcomes of 2023/24 internal audits completed in Quarter 3

1.1.3. notes that, reflecting the 2023/24 financial position discussed at the Policy and Sustainability Committee on 9 January 2024, the planned audit of the Health and Social Care Total Mobile project has been replaced with an audit of Health and Social Care Budget monitoring and reporting

1.1.4. approves deferral of the following audits from the 2023/24 IA plan to the 2024/25 IA Plan:

- Partnership Working
- Refugee and Migration Services
- Devolved School Management
- City Region Deal
- Transfer of the Development Management Funding (TMDF)

1.1.5. notes removal of the Project Forth audit from the Lothian Pension Fund 2023/24 IA plan

1.1.6. notes key IA priorities and timelines for development of the 2024/25 IA plan.

Laura Calder

Head of Internal Audit

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Report

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Internal Audit Update Report: Quarter 3 2023/24

2.   Executive Summary

2.1   This report provides an update to Committee on delivery of the 2023/24 Internal Audit (IA) plan approved by Committee in March 2023 and the outcomes of internal audits completed in Quarter 3 of 2023/24.

2.2   The report also provides details of proposed changes to the 2023/24 IA plan.

2.3   The report also provides an update on progress with key IA priorities and timelines for development of the 2024/25 IA plan.

3.   Background

3.1   The 2023/24 IA plan was approved by Committee on 14 March 2023. As agreed by Committee, progress with the delivery of the plan and the outcomes of audit work are reviewed quarterly and any proposed changes to the audit programme are presented to Committee for review and approval.

3.2   The IA annual plan is presented to Committee annually for approval. The 2024/25 IA plan will be presented to the Committee in March 2024.

4.   Main report

4.1   The approved 2023/24 IA plan included of a total of 43 audits (33 for the Council and 10 for other organisations). This included IA facilitation of a self-evaluation and skills assessment for the Governance, Risk and Best Value Committee.

4.2   The following changes occurred throughout 2023/24, and as a result the total number of audits in the 2023/24 IA plan increased to 48 audits (36 for the Council and 12 for other organisations).

- deferral of completion of the Outdoor Infrastructure audit from the 2022/23 plan to the 2023/24 plan

- addition of an audit of the Corporate Property Helpdesk

- addition of a findings only Health and Safety audit

- a lessons learned review of Additional Support Needs

- separate annual validation audits for the Lothian Pension Fund, and the Edinburgh Integration Joint Board and

- deferral of the Workforce Capacity Planning audit to 2024/25.

Proposed changes to the 2023/24 IA Plan

4.3 Due to financial pressures within the Health and Social Care Partnership (HSCP) as discussed at the Policy and Sustainability Committee on 9 January 2024, the planned audit of lessons learned from the HSCP Total Mobile project has been replaced with an audit of HSCP Budget Monitoring and Reporting.

4.4 Due to temporary resourcing and capacity issues (see para 9.1 below), within the IA team, delivery of the remainder of the 2023/24 IA plan has been reviewed in line with key priorities and emerging risks, and as a result it is proposed that the following three audits are deferred to Q1 of the 2024/25 IA plan with work commencing May 2024:

- **Partnership Working** – scope of this work will be aligned to emerging risks and issues noted in the Q4 CLT risk register in relation to the Health and Social Care Partnership including Edinburgh Partnership.

- **Refugee and Migration Services** – scope of this work will be aligned to emerging risks and issues noted in the Q4 CLT risk register in relation to no recourse to public funds and Unaccompanied Asylum-Seeking Children.

- **Devolved School Management** – scope of this work will be aligned to financial and budget management/cost savings risks and issues noted in the Q4 CLT risk register.

4.5 Management have requested that the Transfer of the Development Management Funding (TMDF) audit is delayed until April 2024 due to year end priorities.

4.6 In addition, the audit of City Region Deal will be removed from the 2023/24 IA plan and completed as part of the 2024/25 plan, reflecting there is only a requirement for an audit every two years in line with the City Deal grant funding conditions.

4.7 Committee is also asked to note, that due to the project not progressing at this time, the planned audit of Project Forth has now been removed from the Lothian Pension Fund 2023/24 IA plan.

4.8 As a result of the changes above, as at Q4, the final 2023/24 IA plan now consists of 43 audits (31 for the Council and 12 for other organisations).

Progress with delivery of the 2023/24 IA plan

4.9 As at 29 January 2024, a total of 17 of 43 audits are complete, a further 7 are in reporting, 12 audits are in fieldwork and 4 are in planning.

4.10 Three audits are not yet started but are on track to commence mid-February 2024.

4.11 Details of progress for 2023/24 audits and expected timescales for completion is provided in Appendix 1.

Outcomes of audits completed in Q3

4.12 The following 5 audits were completed for the Council during Quarter 3:

Rating	Audit
Limited Assurance	• Supplier and Contract Management • Housing Repairs Right First Time
Reasonable Assurance with no high rated findings	• Key Financial Systems – VAT • Key Financial Systems – Debtors
Substantial Assurance	• Housing Stock Condition – Tenant Safety, Damp and Mould

4.13 Audits with a limited assurance outcome or high rated findings are automatically presented to Committee for review and scrutiny.

4.14 Members have also requested the Housing Stock Condition – Tenant Safety, Damp and Mould audit be presented for scrutiny.
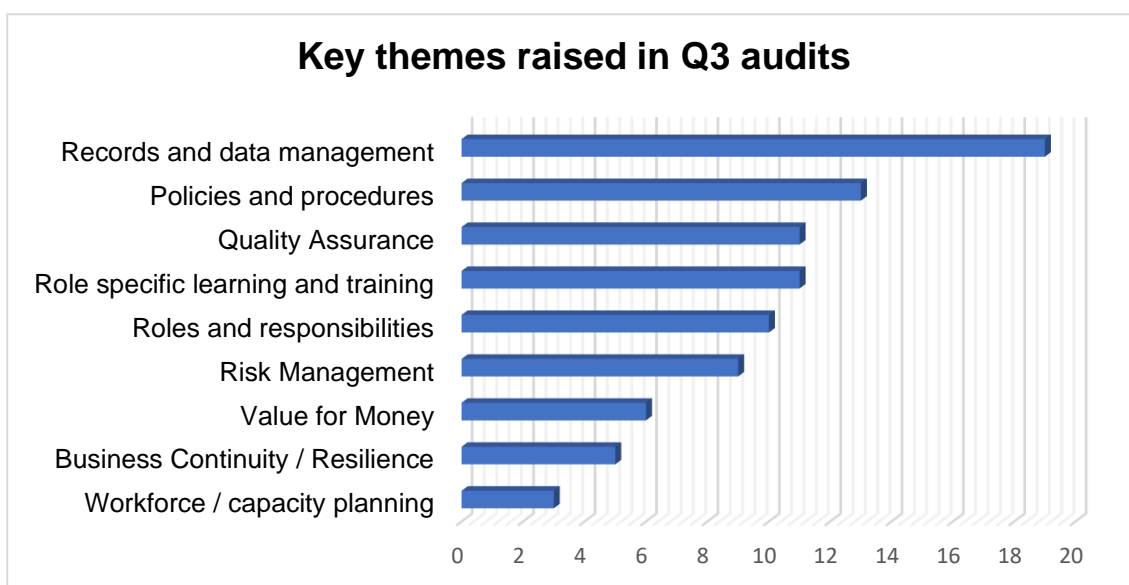
4.15 All Council audit reports are published on the Council's website following Committee.

4.16 A further 1 audit for Lothian Pension Fund (LPF) was completed during Quarter 3:

Rating	Audit	Further detail
Substantial Assurance	Information Security Arrangements	Due to be reported to the LPF Pensions Audit Sub-Committee in March 2024.

Key thematic issues raised in completed Council audits

4.17 The chart below sets out the thematic areas raised across the recommendations from Q3 audits with a summary of the themes provided in Appendix 2.

Key themes raised in Q3 audits

Theme	Value
Records and data management	19
Policies and procedures	13
Quality Assurance	11
Role specific learning and training	11
Roles and responsibilities	10
Risk Management	9
Value for Money	6
Business Continuity / Resilience	5
Workforce / capacity planning	3

Progress with Internal Audit key priorities

4.18 Progress with IA key priorities are detailed below:

• continued development of the upgraded audit system

- development of a Data Analytics Strategy with a pilot project underway to explore the feasibility of using a data analytics tool to increase sample sizes and improve reliability of data across audits completed

- engagement sessions with elected members, officers, trade unions and other external assurance providers to develop proposals for the 2024/25 IA plan which will be presented to Committee in March 2024

- coordination of assurance work with the Council's newly established Governance and Assurance team to support assurance mapping which will inform the 2024/25 internal audit plan.

5. Next Steps

5.1 IA will continue to monitor progress with plan delivery and the other activities noted in this report.

6. Financial impacts

6.1 Costs for delivery of agreed PwC audits remain within the agreed budget with use of PwC resource limited to specialist areas only.

6.2 There are no associated budget implications for completion of audits completed for other organisations as direct recharge is applied for costs incurred.

7. Equality and Poverty Impact

7.1 None. An assessment is not required because the reason for this report is to report Internal Audit activity to Committee. Consequently, there will be no differential equality or poverty impacts as a result of the proposals in this report.

8. Climate and Nature Emergency Implications

8.1 None. The reason for this report is to report Internal Audit activity to Committee. Consequently, there will be no differential climate or nature emergency implications as a result of the proposals in this report.

9. Risk, policy, compliance, governance, and community impact

9.1 The IA risk register was reviewed in January 24. Actions to mitigate the following risks continue in relation to the following:

- Applications and systems design – the upgrade of the audit system is complete. IA capacity has been reduced while the team becomes familiar and proficient with the system, and they support services in using the system.

- Capacity – capacity in the team was reduced due to parental leave from May to October 2023, and sickness absence from November 2023 to February 2024.

9.2 This report identifies several specific impacts on, and areas of improvement for the Council's risk, policy, compliance, and governance frameworks. Management should seek to take adequate steps to reduce the impacts across the key risk areas set out.

9.3 Council officers and elected members are consulted on the findings of Internal Audit throughout the year. No specific consultations have taken place in relation to this report.

10. Background reading/external references

10.1 [Public Sector Internal Audit Standards](#)

10.2 [Approved 2023/24 IA Plan GRBV March 2023 – item 8.1](#)

10.3 [Approved 2023/24 IA Audit Charter GRBV March 2023 – item 8.2](#)

11. Appendices

11.1 Appendix 1 – 2023/24 audit progress and expected completion dates as at 29 January 24

11.2 Appendix 2 – Key themes raised across Q3 audits

11.3 Appendix 3 – Limited Assurance Internal Audit Reports for scrutiny:

- Supplier and Contract Management

- Repairs Right First Time

- Housing Stock Condition – Tenant Safety, Damp and Mould

Appendix 1: 2023/24 audit progress and expected completion dates as at 29 January 2024

	Audits complete		Outcome
1.	Cross directorate	**Council Budget Setting Process – Lessons Learned** Review of Corporate Leadership Team lessons learned for the 2023/24 Council budget setting process, as requested by GRBV March 2023.	N/A no rating applied
2.		**Procurement – Contract Standing Orders** Assessment of compliance with the Council's Contract Standing Orders – specifically tender documentation, evaluation of tenders and quotes and award for a sample of contracts cross directorate.	Reasonable Assurance
3.		**Health and Safety – Findings only** Thematic control gaps and findings related to general health and safety risks were raised this report, in line with the authority granted under the Internal Audit Charter.	Limited Assurance
4.		**Supplier and Contract Management** Assessment of application of the Contract Handover, and Contract Review Meeting guidance as set out in the Council's Contract Management Manual and toolkit to ensure effective performance management of contracts, resolution of issues and provision of best value for a sample of contracts cross directorate.	Limited Assurance
5.	Corporate Services	**Key financial systems - Debtors** Review of the design and operation of key controls established to ensure timely creation of debtor invoices, prompt processing of payments and effective control of write-offs, cancellations, credit notes and recovery.	Reasonable Assurance
6.		**Key Financial Systems – VAT recovery** Review of design and operation of controls established to ensure adequate arrangements are in place to maximise the recovery of VAT and ensure recovery is in line with requirements.	Reasonable Assurance
7.	Children, Education and Justice Services	**After School ASN Care Provision - Review of Lessons Learned** Initial feedback on lessons learned completed by officers in CEJS for reporting to the Education, Children and Families Committee and GRBV in November 2023.	N/A no rating applied
8.	Place	**Edinburgh Employer Recruitment Incentive (EERI)** Review of the design and effectiveness of processes established for managing EERI fund applications from employers including eligibility, assessment, payments, and verification.	Limited Assurance

9.		**Health and Safety - Outdoor Infrastructure** Review of processes established to ensure the health and safety of outdoor infrastructure – specifically: cemeteries, public art and play areas.	Limited Assurance
10.		**Port Facility Security Plan** Annual review of the Port Facility Security Plan and emerging risks as per Department for Transport requirements.	Reasonable Assurance
11.		**Management of ad hoc mixed tenure works** Review of processes for scheduling and funding/payment for ad hoc common repairs across mixed tenure blocks.	Limited Assurance
12.		**Housing - Repairs Right First Time** Review of the Council's approach and performance for completing repairs 'right first time' in line with the Scottish Social Housing Charter, including completion of all aspects of the repair within the Council's target timescale and no recall to resolve subsequent defects within 12 months	Limited Assurance
13.		**Housing stock condition – tenant safety, damp, and mould** Review of the Council's initial approach to the Scottish Housing Regulator's January 2023 request that landlords ensure that they have appropriate, proactive systems to identify and deal with any reported cases of damp and mould timeously and effectively.	Substantial Assurance
14.	Lothian Pension Fund (LPF)	**LPF People Processes** Review of the adequacy and operating effectiveness of established people processes to ensure robust controls are in place, complied with and support achievement of LPF objectives.	Substantial Assurance
15.		**LPF Senior Managers and Certification Regime (SM&CR)** Review of the adequacy and operating effectiveness of governance processes established to provide assurance of compliance with the key elements and prescribed responsibilities of the SM&CR.	Reasonable Assurance
16.		**LPF Information Security** Review of the design of the suite of IT policies, standards and procedures that have been developed during 2022 to prevent, respond and manage information security across LPF, as well as ensuring they are aligned to the IT strategy due to be formalised during 2023.	Substantial Assurance
17.	Edinburgh Integration Joint Board	**Hosted Services** Review of budget, oversight and assurance arrangements established for hosted services (services which are operationally managed on a pan Lothian basis).	Reasonable Assurance

Total audits complete				17
Audits in reporting				**Expected Completion**
18.	LPF	**LPF Business continuity and incident response** Review of the adequacy and operating effectiveness of key controls and processes established to provide assurance that LPF maintains business continuity plans to ensure they maintain services during an emergency or extended incident. Will include consideration of roles and responsibilities, policies and procedures, Business Continuity Plans, testing, lessons learned and monitoring and reporting arrangements.		March 2024
19.	Health and Social Care Partnership	**Financial Sustainability** Review of the processes applied to confirm the ongoing financial sustainability of the partnership, and the design and appropriateness of actions to address any significant gaps identified.		March 2024
20.	Place	**Corporate Property Helpdesk** Review of processes established to log, allocate and monitor completion of repairs tickets logged with the Corporate Property Helpdesk. Will include oversight and reporting of performance information.		March 2024
21.	Place	**Community Centres** Review of oversight arrangements to confirm that community centres are safely and effectively managed in line with established community centre management arrangements agreed with the Council.		March 2024
22.	Other audit activities	**GRBV self-evaluation and skills assessment** Facilitation of GRBV Committee self-evaluation and skills assessment in line with relevant CIPFA guidance.		April 2024
23.	Major Projects	**Trams to Newhaven** Ongoing agile review during the final stage of construction. Reviewing ongoing governance and financial management, stakeholder management and readiness for operations.	June 2024	
24.		**Enterprise Resource Planning (ERP)** Ongoing agile review of project management and governance supporting the R12 upgrade of the Oracle financial systems and implementation of the new sundry debt management solution (Apex).		
Total audits in reporting				**7**

	Audits in fieldwork		Expected Completion
25.	Health and Social Care Partnership	**HSCP Budget Monitoring and Reporting** Review of HSCP in year budget monitoring and reporting systems and processes.	March 2024
26.	Cross Directorate	**Validation of Implementation of Previously Closed Management Actions** Review of a sample of previously implemented and closed IA agreed management actions to confirm that they have been effectively sustained.	
27.	EIJB		
28.	LPF		
29.	Other organisations	**Royal Edinburgh Military Tattoo – Revenue Recognition** Review of key controls established to accurately capture, recognise, and record income. Will also follow up on outstanding actions raised in previous reviews to confirm that controls have been implemented.	
30.	Cross Directorate	**Overtime and expense payments** Review of compliance with controls established to ensure that overtime and expense payments are made in line with the council's Pay Policy and Overtime guidance. Will focus on a high-level review of a sample of areas with high overtime and expenses volumes /values.	May 2024
31.		**Recruitment and Selection** Review of compliance with the Council's Recruitment and Selection Policy including pre-advertisement requirements such as approval, supporting documentation, recruitment panels, training, advertisement, screening, and pre-employment checks.	
32.	Corporate Services	**CGI - IT Currency Management, Obsolescence, and Innovation Review** Review of CGI's established approach to currency management and obsolescence of hardware and software including reviewing, consolidating, and replacing applications including implementation of new, and maintenance of existing solutions.	
33.		**CGI – Complex Change Management** Agile review of the end-to-end change journey for a sample of complex change requests to identify areas for improvement and highlight good practice.	
34.	Place	**Fleet – Mission Zero for Transport**	June 2024

		Review the Council's readiness to ensure all its fleet is renewed to a standard that meets the targets laid out by the Scottish Government's [Mission Zero for Transport](#) (legally binding target of net-zero by 2045) and the Council's target to be net zero by 2030	
35.		**Housing - Void Management** Review of the design and operation of controls established to ensure that empty council housing properties (voids) are managed effectively including review of programmed voids.	
36.	Children, Education and Justice Services	**Review of Historic Complaints** Review of historic complaints to confirm whether any handled by for employees noted in Project Apple outcomes had been appropriately investigated and reported.	June 2024
Total audits in fieldwork			**12**
Audits in planning			**Expected Completion Date**
37.	Edinburgh Integrated Joint Board (EIJB)	**Change programme** Review of oversight and assurance for funding, progress, and delivery of the change programme (with specific focus on the Older People's Pathways Plus programme).	March 2024
38.	Place	**Management of scaffolding for housing property repairs** Review of the design and operating effectiveness of the Council's approach to managing scaffolding during repairs to housing properties including relevant consents and permits, advance notification to and ongoing communications with occupants, contractor and budget management and health and safety risk assessments.	May 2024
39.	Cross Directorate	**Cyber - Directorates Incident Response** Review of directorates and service level approach to cyber incident management in line with the readiness, response, and recovery model. This will include review of a sample of departmental business impact analysis, business continuity plans and training/awareness.	June 2024
40.	Other organisations	**SEStran Financial Sustainability** One audit delivered for South-East of Scotland Transport Network (SEStran) as part of established audit service arrangement.	
Total audits in planning			**4**

Audits not yet started			Expected Start Date
41.	Health and Social Care Partnership	**Mental Health and Wellbeing Services** Review of arrangements to support delivery of outcomes for provision of mental health and wellbeing services across Edinburgh.	February 2024
42.	Edinburgh Integrated Joint Board (EIJB)	**Workforce Optimisation** Review of the governance and oversight processes to monitor delivery of the initial short-term actions set out in the 'Working Together' the EIJB Workforce Strategy 2022-25, specifically the key strategic workforce priorities and commitments across the four themes.	
43.	Other organisations	One audit delivered for Lothian Valuation Joint Board (LVJB) as part of established audit service arrangement.	
Total audits not yet started			**3**
Total audits			**43**

Appendix 2 – Key themes raised across Q3 audits

The table below provides a summary of the key themes raised across the audits complete in Q3; it should be noted that more than one key theme may be raised from an audit recommendation.

Key theme	Summary
Records and data management	Inadequate records and data management issues were noted across all five audits completed in Q3. Issues included: misinterpretation of VAT rules which led to incorrect invoices being issued; issues with Directorates and services areas not responding to information requests in a timely manner; issues with completeness and accuracy of records held in line with policies and procedures.
Policies and procedures	Non-compliance and/or lack of comprehensive policies and procedures was noted as a key theme across four audits completed in Q3. Issues included: procedures and processes not reflecting required current practice; procedures not reflecting industry and technical best practice, lack of review processes / version control to ensure policies and procedures remain up to date, lack of quality checks incorporated into procedures to help to identify errors and as part of quality assurance processes.
Quality Assurance	Lack of systems and processes to check and confirm quality of works completed, services provided, or accuracy of internal transactions were highlighted across all five audits completed in Q3. Issues included: lack of prioritisation of higher risk/ value transactions, limited engagement from services when checks undertaken, lack of regular oversight arrangements, inaccurate measuring, and improvements required in the collating, recording, and reporting of regulatory and KPI data.
Role specific learning/training	In one audit there was a lack of justification to support that contract managers had sufficient expertise, seniority, and capacity to perform the duties required. Other issues included a lack of evidence that managers had completed all required training including for relevant systems, and a lack of awareness by managers in training availability. The need for managers to seek support and guidance for risk management was also highlighted.
Roles and responsibilities	Linking to policies and procedures, specific issues were noted across three audits completed in Q3, where roles and responsibilities were not clearly documented, communicated, and understood.
Risk Management	Inadequate risk management considerations were noted across three audits completed in Q3. Issues included: limited risk management arrangements in place in teams for identifying, recording, monitoring, and escalation of

Key theme	Summary
	operational risks as well as a lack of understanding of key risks affecting their processes and lack of awareness of the Council's risk management process.
Value for money	Contract management / procurement issues which could lead to issues in demonstrating achievement of value for money were noted in three audits completed in Q3. This included a lack of formalised and regular review of contractor performance in line with agreed KPIs. An issue linked to the quality assurance theme was also noted related to ensuring quality reviews and inspections of contractor works are completed.
Business continuity/resilience	Two audits completed in Q3 highlighted that there were inadequate handover processes in place to ensure that there is an efficient transition when there is a change of officer/role.
Workforce / Capacity Planning	This theme is linked to the role specific learning/training theme, with one audit highlighting that the need to ensure that contract managers have sufficient capacity/experience to enable them to effectively manage contracts. This audit also highlighted that Directorate oversight arrangements are required to monitor completion of key tasks.

Internal Audit Report

Supplier and Contract Management

31 January 2023

CD2303

Overall Assessment	Limited Assurance

Contents

This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2023/24 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2023. 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 are 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

Overall opinion and summary of findings

The controls established to provide assurance that there is effective handover from Commercial and Procurement Services (CPS) to contract managers to ensure effective performance management of Council contracts, resolution of issues, and provision of best value, require improvement.

The following significant gaps, issues, and areas of non-compliance have been identified, which if not addressed may expose the Council to risks and impact the achievement of its objectives:

- the Contract Handover report does not state the justification for the selection of contract managers by the directorates

- not all contract managers are aware of, or have completed, the Council's Contract Management training

- the Council's contract register does not capture all contracts in line with the Council's Contract Standing Orders, nor is it updated by directorates promptly

- not all contracts have effective risk management arrangements, in line with Contract Standing Orders requirements

- not all contracts have effective directorate oversight arrangements to ensure contracts are being managed to an adequate standard.

Areas of good practice

Our review identified:

- the Contract Management guidance and templates available on the Orb are generally sound

- contract managers feel that the Council's Contracts and Grants Management team are easily contactable when contract managers require advice

- most contract managers meet with suppliers at least quarterly.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
Contract Handover	🟠	🟠	Finding 1 – Contract Handover Process	Medium Priority
			Finding 2 – Learning and Training	Medium Priority
			Finding 3 – Completeness and Accuracy of the Contract Register	High Priority
Performance Management	🔴	🔴	Finding 4 – Performance Management	High Priority
			Finding 5 – Risk Management Arrangements	Medium Priority
			Finding 6 – Directorate Oversight	Medium Priority

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

Contract management is a key component in ensuring that procured services provide best value for all stakeholders. Good contract management fosters productive relationships between all parties to a contract, embedding appropriate understanding of roles and responsibilities when delivering contractual outcomes successfully.

Demand on Council services is increasing, but due to the reduced budgets and objectives of the Medium-Term Financial Plan (MTFP), services must make significant savings whilst also improving the quality and sustainability of the services provided. It is recognised that effective procurement, and improved purchasing outcomes, are key in assisting the Council in delivering these objectives.

The Council's Commercial and Procurement Services (CPS) team support Directorates to procure goods, services and works, from the initial market engagement, tendering and award process through to handover of the contract to the individual contract manager.

The Contract and Grants Management (CAGM) Team within CPS have responsibilities which include developing and promoting consistent contract management processes within all service areas, technical support when contractual issues arise, and guidance on effective performance management. In April 2023, the CAGM Team refreshed the contract management manual, toolkit and guidance which is essential in ensuring a consistent approach is used by all Contract Managers for the circa 2,100 contracts and grants across all directorates within the Council.

The CAGM team also provides a Contract Management forum with regular training to Contract Managers and opportunities for contract managers to ask queries and gain support either within these forums or contacting the team directly via the CAGM email.

In addition to the suite of contract management documentation, guidance and templates available on the Orb, a Contract Management E-Learning module is available to all contract managers via the MyLearning Hub.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure effective handover from CPS to the contract manager to ensure effective performance management of Council contracts, resolution of issues and provision of best value.

Risks

- Financial and Budget Management
- Supplier, Contractor, and Partnership Management
- Health and Safety
- Resilience
- Fraud and Serious Organised Crime.

Limitations of Scope

The scope of our review was limited to a sample of tier one and tier two contracts cross directorate and only covered the process from the point of handover from CPS to individual service contract managers. The procurement process prior to handover has been covered by a separate audit which was completed as part of the 2023/24 audit plan.

Reporting Date

Testing was undertaken between 14 November and 18 December 2023.

Our audit work concluded on 18 December 2023, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Contract Handover Process

Finding Rating	Medium Priority

Following the tendering process, Commercial and Procurement Services (CPS) prepares a Contract Handover Report which contains contract details, including the name of the contract manager. The document is designed to provide the contract manager with a clear understanding of the key elements of the contract.

Although the name of the contract manager should be stated, the Contract Handover Report template does not require a justification for that person being selected as the contract manager; for example, that they have sufficient expertise in the area, have sufficient seniority to effectively manage the contract, or sufficient capacity to perform the duties. Of the sample of 14 contracts, 1 of the contract managers stated that they did not feel that they had sufficient seniority to effectively challenge the supplier.

A contract handover meeting is held immediately prior to the handover of contract management responsibilities to service areas from CPS. As part of this process, a contract handover document is completed by CPS which sets out key contract information

Audit testing of a sample of 14 contracts, identified that there was 1 instance where CPS did not create a contract handover document, and 2 instances where the current contract managers could not evidence the documents' existence due to inadequate handover from the previous contract manager.

Risks

- **Supplier, Contractor, and Partnership Management** – contract managers do not have the required skills, experience, seniority, and capacity to ensure that services provided meet requirements and that the Council achieves best value.

Recommendations and Management Action Plan: Contract Handover Process

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	The Contract Handover Report template should be updated to require a justification to be documented for appointing the contract manager. This justification should demonstrate that the person has sufficient expertise, experience, seniority, and capacity to effectively manage the contract and hold the supplier to account.	CPS will amend the procurement strategy document to allow completeness of this action, providing access to the competency framework for new contract managers and sign off by relevant service manager.	Executive Director - Corporate Services	Head of Commercial and Procurement Services Commercial Partner	30/08/2024

1.2	The Contract Handover Document Template should be updated to incorporate a section for service areas to update when there is a change of contract manager.	Contract Handover Document updated to incorporate a section for service areas to update when there is a change of contract manager, and for the Directorate to include suitable justification accordingly as to the experience and expertise of the contract manager.	Executive Director - Corporate Services	Head of Commercial and Procurement Services Commercial Partner	30/08/2024
1.3	Following implementation of recommendation 1.2 by CPS, directorates should ensure that each contract handover document going forward contains a confirmation that the contract manager has sufficient expertise, seniority, and capacity to effectively manage the contract and hold the supplier to account.	Corporate Services: The Directorate will ensure the contract handover document includes the necessary skills and seniority required by the contract manager to manage the contract. Place: Following receipt of the updated Contract Handover document, confirmation will be provided that the contract manager has the necessary seniority. CEJS: To ensure we have capacity to scrutinise and manage contracts and suppliers we have identified 3 additional roles into the Commissioning Team to support this. HSCP: The Partnership will ensure that as part of contract handover	Executive Director - Corporate Services Executive Director – Place Executive Director – CEJS Executive Director - HSCP	Operations Manager, Corporate Services Operations Manager, Place Operations Manager, CEJS Operations Manager, HSCP	31/03/2025 (Corporate Services) 31/03/2025 (Place) 31/03/2025 (CEJS) 31/03/2025 (HSCP)

		documentation, there is a confirmation included that ensures the contract manager has sufficient expertise and seniority & capacity to manage contracts.			

Finding 2 – Learning and Training

Finding Rating	Medium Priority

The Contract Management Guidance on the Orb (the Council's intranet) and e-learning module on MyLearningHub is generally fit for purpose, and audit fieldwork discussions with contract managers confirmed that it has been well received. The Contract and Grants Management team (CAGM) sends out a 6-monthly email reminding all contract managers to complete the e-learning.

However, a sample of 14 contracts evidenced that 6 of those contracts had contract managers who had not completed the e-learning, with 5 of those 6 advising they were unaware that the e-learning existed.

In addition, the e-learning was last updated 3 years ago.

Also, our sample testing found that there was inadequate risk management understanding, or processes in place to manage contract risks (see Finding 5). This is an area that a recent CPS compliance review identified to be weak and where contract managers required further guidance or training.

Risks

- **Supplier, Contractor and Partnerships Management** - contract managers do not have the required knowledge and skills to effectively manage their contracts to ensure that services provided meet requirements and that the Council achieves best value.

Recommendations and Management Action Plan: Learning and Training

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	The Contract and Grants Management e-learning module should be periodically refreshed to ensure that it remains fit for purpose. In particular, additional material should be incorporated in areas where contract management has been identified as being weaker in the annual compliance review, i.e. risk management.	Refresh to the Contract Management E-Learning Module to reinforce areas of known weakness by Contract Managers.	Executive Director - Corporate Services	Head of Commercial and Procurement Services Commercial Partner	31/12/2024
2.2	Contract manager completion of the e-learning module should be reviewed to ensure that the full population of managers on the contract register have completed the training as required. A list of contract managers who should have completed the training can be obtained from the Council's Learning and Development team.	CPS to conduct 6 monthly review of e-learning completion and should issue statistics to directorates to ensure contract managers have completed training. CPS will work with HR to establish what is possible regarding automatic			31/12/2024

	Ongoing completion of the contract management e-learning should be monitored by directorates and appropriate action taken where it has not been completed by a contract manager.	prompts being issued to contract managers.			

Finding 3 – Completeness and Accuracy of the Contract Register

Finding Rating	High Priority

The contract register is maintained by CPS and should contain details of all Council contractual arrangements over £5000 in value, including the contract financial values, and the names of the contract managers within the relevant service areas.

Stating the name of the manager on the contract register allows for the contract manager to be easily contactable to answer queries, identify those who require contract management training, and those who should be invited to the regular drop-in sessions. Every year, CPS sends the directorates a list of their contracts and the associated contract managers and ask the directorates to confirm the details are correct.

For 3 of the 14 contracts sampled, we noted that the name of the contract manager listed in the register did not match the actual contract manager. In addition, CPS advised that the directorates do not always respond to the annual email containing the list of their contracts.

Sample testing identified that 1 of the contracts reviewed (with an annual spend of £3.5m) was not listed on the contract register. Management has advised that some contracts are classified as "non-contracted spend", which means that they were not contracted through the standard CPS process and therefore, are not included on the contract register. The reasons for non-inclusion are either that they are national contracts or were purchased through feeder systems (such as Swift or SEEMiS). The total spend on the top 100 "non-contracted spend" contracts during 2022-23 was £91m.

The non-inclusion of these contracts in the contract register breaches the requirements of both the Councils Standing Orders (CSOs) and the Procurement Reform (Scotland) Act 2014

A separate audit of non-contracted spend is proposed for the 2024/25 Internal Audit Plan.

Risks

- **Supplier, Contractor, and Partnership Management** – contract managers may not complete necessary training, cannot liaise with other contract managers, and are not easily contactable to answer queries.

Recommendations and Management Action Plan: Completeness and Accuracy of the Contract Register

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.1	CPS should remind all directorates that all Council contracts above £5,000 for goods/services, and £10,000 for works should be listed on the contract register, regardless of whether they were contracted through the standard CSOs procedures.	CPS will include reminder action in Quarterly Dashboards to Executive Directors. CPS should remind directorates to add new or amend existing contract register entries within 5 days of contract award or contract change.	Executive Director - Corporate Services	Head of Commercial and Procurement Services Commercial Partner	30/05/2024

3.2	Directorates should periodically review their spend to confirm that there is compliance with the Council Standing Orders (see Finding 6).	Corporate Services: The contract expenditure samples will be reviewed in CSMT meetings on a six-monthly basis to ensure compliance with the Council standing orders. Place: A sample of expenditure will be reviewed on a six monthly basis to ensure compliance with the Council Standing Orders. CEJS: Our compliance is reviewed at monthly SMT Performance Meetings and this action will continue to be a standing item at these meetings. HSCP: The Procurement Board will sample expenditure will be reviewed on a six-monthly basis to ensure compliance with Council standing orders.	Executive Director - Corporate Services Executive Director – Place Executive Director – CEJS Executive Director - HSCP	Operations Manager, Corporate Services Operations Manager, Place Operations Manager, CEJS Operations Manager, HSCP	31/12/2024 (Corporate Services) 31/12/2024 (Place) 31/12/2024 (CEJS) 31/12/2024 (HSCP)
3.3	Following the contract register being fully updated, there should be regular ongoing liaison between CPS and the directorates to establish non-contracted spend. Where non-contracted spend is identified consideration should be given to formally procure the services as per procurement regulation.	CPS will continue to provide non-compliant spend information to Executive Directorates, working with service area nominated stakeholders to identify the cause and agree alternatives where appropriate.	Executive Director - Corporate Services	Head of Commercial and Procurement Services Commercial Partner	30/12/2024
3.4	Directorates should respond in a timely manner to the annual email sent to them by CPS, which contains the list of their contracts. The response should clearly	Corporate Services: Under the Governance Compliance and assurance framework, the Contract Register is being reviewed annually and being	Executive Director - Corporate Services	Operations Manager, Corporate Services	31/12/2024 (Corporate Services) 31/12/2024 (Place) 31/12/2024 (CEJS) 31/12/2024 (HSCP)

state if the correct contract managers have been listed for each of the contracts. In addition, directorates should perform a regular review exercise to confirm that the correct managers are listed for their contracts.	updated for maintaining the accurate contract information. Place: Engage with CPS to put in place appropriate arrangements to review and update the Contract Register to ensure that it is accurate and up to date. CEJS: Having worked on this process vigorously and receiving monthly reports from CPS we now have accurate contract registers in place that are reviewed at our monthly SMT Performance meetings, also ensuring we have the right links to the contracts. HSCP: The Partnership Procurement Board will review the Contract register on an annual basis to ensure accuracy and it is up to date.	Executive Director – Place Executive Director – CEJS Executive Director - HSCP	Operations Manager, Place Operations Manager, CEJS Operations Manager, HSCP	

Finding 4 – Performance Management

The Contract and Grants Management team (CAGM) provide a Contract Review Meeting Guidance document on the Orb, which includes a template to help ensure contract managers know the areas to discuss with suppliers and the key information to record.

Audit testing of a sample of 14 contracts identified that, although supplier meetings generally occur at the required frequency, minutes or action notes are often of low quality and there were 4 instances of meeting minutes not being taken at all or handwritten in a personal notepad.

Contract management arrangements for a large healthcare provider were reviewed as part of the audit sample. It was concluded that supplier contract management arrangements were weak as there were no 1-1 supplier contract meetings due to the large number of suppliers, no KPI performance reporting, and no meeting minutes for supplier meetings. In addition, compliance activities such as PVG or insurance checks were stopped during the recent pandemic and, as at December 2023, have yet to resume.

CPS management has advised that this specific contract was a "non-contracted spend" contract, and that there is limited confidence such contracts are being managed in line with Contract Standing Orders requirements.

As stated at Finding 3, the total spend on the top 100 "non-contracted spend" contracts during 2022-23 was £91m.

Risks

- **Supplier, Contractor and Partnerships Management** – ineffective performance management, where issues cannot be identified, managed, and resolved
- **Governance and Decision Making** – reduced oversight from senior managers if there are contract performance issues.

Recommendations and Management Action Plan: Performance Management

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
4.1	Contract Review meetings should be documented using the Contract Supplier Meeting Template. Service areas should define the minimum standing agenda items stated within the template that are relevant for the specific contracts. In addition, all supplier meetings should be fully minuted as per the template agreed.	Corporate Services: The Contract Supplier Meeting Template will be reviewed, and the relevant standing agenda items will be defined following all suppliers' meetings will be minuted across the Directorate relevant to specific contracts. Place: The Contract Supplier Meeting Template will be reviewed, and appropriate arrangements put in place across the Directorate. CEJS: The Contract Supplier Meeting Template will be reviewed, and appropriate	Executive Director - Corporate Services Executive Director – Place Executive Director – CEJS	Operations Manager, Corporate Services Operations Manager, Place Operations Manager, CEJS Operations Manager, HSCP	31/12/2024 (Corporate Services) 31/12/2024 (Place) 31/12/2024 (CEJS) 31/12/2024 (HSCP)

		arrangements put in place across the Directorate. HSCP: The Contract Supplier Meeting Template used by the Partnership will be reviewed, and appropriate arrangements put in place across the Directorate. HSCP.	Executive Director - HSCP		
4.2	All Council contracts should be managed in line with the Contract Standing Orders requirements, including ensuring that required PVG, insurance and compliance checks are completed. Specifically, this should also include a review of those contracts currently defined as "non-contracted" spend.	Corporate Services: The samples of Contracts across services will be reviewed in CSMT meetings on a six-monthly basis to ensure compliance with Contract standing orders. Place: Quarterly sample of contracts across Service Areas to ensure compliance with Contract Standing Orders. CEJS: Regular review of samples of contracts across Service Areas to ensure compliance with Contract Standing Orders. We have 96% of our spend on contract and we consider noncontract spend at our performance meetings. HSCP: The Procurement Board will undertake annual sampling across service areas to ensure compliance with Contract Standing Orders.	Executive Director - Corporate Services Executive Director – Place Executive Director – CEJS Executive Director - HSCP	Operations Manager, Corporate Services Operations Manager, Place Operations Manager, CEJS Operations Manager, HSCP	31/03/2025 (Corporate Services) 31/03/2025 (Place) 31/12/2024 (CEJS) 31/12/2024 (HSCP)

Finding 5 – Risk Management Arrangements

Finding Rating	Medium Priority

Effective risk management of contracts is essential to ensure that risks associated with contracts are actively monitored, managed, reviewed, and escalated to the appropriate directorate level.

However, our review noted that, of a sample of 14 contracts, 5 contracts did not have formal risk management arrangements in place such as recording, monitoring, and escalation of risks and thus are not compliant with Contract Standing Orders. In particular, during our discussions with the sampled contract managers, it was noted that at least 2 were not able to clearly articulate the key risks affecting their contracts or demonstrate an understanding of risk management principles in general.

Risks

- **Financial and Budget Management** – increased costs to the Council if contract risks are not effectively managed and failure to demonstrate best value
- **Supplier, Contractor, and Partnership Management** – contract risks are not being effectively managed, monitored, or reviewed, and are not being escalated to the appropriate directorate level.

Recommendations and Management Action Plan: Risk Management Arrangements

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
5.1	CPS should remind all contract managers that risk management arrangements for their contracts is a requirement of the Contract Standing Orders. Consideration should also be given to development of specific risk management training for contract managers, with support from the Corporate Risk Team.	CPS will provide a reminder of the risk management duties required to all contract managers. CPS to engage Corporate Risk Team to produce a training pack which can be presented at the CAGM Contract Managers regular Forum.	Executive Director - Corporate Services	Head of Commercial and Procurement Services Commercial Partner	31/12/2024
5.2	Directorates should effectively oversee their contracts to ensure that risk management arrangements are in place (see Finding 6).	Corporate Services: Once the Contract Management Manual is revised, the Corporate Services will ensure and review appropriate risk management	Executive Director - Corporate Services Executive Director – Place	Operations Manager, Corporate Services Operations Manager, Place	31/03/2025 (Corporate Services) 31/03/2025 (Place) 31/03/2025 (CEJS) 31/03/2025 (HSCP)

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| | | arrangements are being followed regularly.

Place: Once the Contract Management Manual is updated, the Directorate will ensure appropriate risk management arrangements are in place.

CEJS: Directorate will ensure appropriate risk management arrangements are in place and reviewed.

HSCP: The Partnership will develop a protocol to ensure that risk management arrangements are in place across all contracts. | Executive Director – CEJS

Executive Director - HSCP | Operations Manager, CEJS

Operations Manager, HSCP | |
|---|---|---|---|---|---|

Finding 6 – Directorate Oversight

Finding Rating	Medium Priority

Contracts managed by the Council vary in value, with one exceeding £100,000,000 in annual spend.

However, it was identified in our sample of 14 contracts that there were 5 contracts with no formal oversight arrangements in place within the relevant directorates to confirm that contracts were being effectively managed. The annual value of these contracts ranges between £210,000 to over £100,000,000.

Directorate oversight arrangements could include requirement for the contract manager to confirm that regular meetings with suppliers are taking place, that detailed and accurate minutes are being taken, that there are regular KPI reports being received from suppliers, action is being taken to address any underperformance issued, and that contract managers' e-learning is up to date.

In addition, it is noted that the Contract Management Manual does not state a requirement for directorates to have oversight arrangements for their contracts.

Risks

- **Supplier, Contractor, and Partnership Management** – without effective directorate oversight arrangements, there is an increased risk that contracts are not being managed effectively and suppliers are not being held to account.

Recommendations and Management Action Plan: Directorate Oversight

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
6.1	The Contract Management Manual should include the requirement for directorates to effectively oversee their contracts. This should include the requirement to confirm that regular meetings with suppliers are taking place, with detailed and comprehensive minutes being taken, that regular KPIs reports are being received from suppliers, and that contract managers' training is up to date. In addition, the manual should include the requirement for directorates to periodically	CPS to update Contract Management Manual (or CSOs) to include contract management oversight by Directorates.	Executive Director - Corporate Services	Head of Commercial and Procurement Services Commercial Partner	30/09/2024

| 6.2 | Directorates should introduce regular oversight arrangements for their contracts, which is aligned to the requirements stated in the revised Contract Management Manual (as per recommendation 6.1) | Corporate Services: Corporate Services will put in place proper oversight arrangements aligned with the revised Contract Management Manual.

Place: Once the Contract Management Manual is updated, the Directorate will put in place appropriate oversight arrangements.

CEJS: Directorate will put in place appropriate oversight arrangements aligned with revised Contract Management Manual.

HSCP: The Partnership through the Procurement Board will ensure that there is regular oversight arrangement in place as per the Contract Management Manual. | Executive Director - Corporate Services

Executive Director – Place

Executive Director – CEJS

Executive Director - HSCP | Operations Manager, Corporate Services

Operations Manager, Place

Operations Manager, CEJS

Operations Manager, HSCP | 31/03/2025 (Corporate Services)
31/03/2025 (Place)
31/03/2025 (CEJS)
31/03/2025 (HSCP) |

| | review their spend to ensure that all contracts have been included on the contract register. | | | | |

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed	🟢	Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory	🟢	Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity	🟠	Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity	🔴	Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	**N/A**	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Internal Audit Report

Repairs Right First Time

30 January 2024

PL2306

Overall Assessment	Limited Assurance

Contents

Executive Summary

Overall Assessment	Limited Assurance

Overall opinion and summary of findings

Review of the Council's Repairs Right First Time (RRFT) processes has highlighted significant design and operating effectiveness gaps in the procedures and controls established to ensure that the Council meets the Scottish Housing Regulator's (SHR) Repairs right first time indicator 10 of the Scottish Social Housing Charter. There are two requirements within Indicator 10: the number of reactive repairs completed right first time during the reporting year, and the total number of reactive repairs completed during the reporting year. Specific process deficiencies and areas of improvement include:

- Annual regulatory reporting to the SHR on indicator 10 of the Charter is inaccurate as:

  a) the current repair procedures do not include an accurate measure to completely record or identify recalls to existing repairs. As a result, the original repair to a recall is considered as RRFT whereas it should not be included in the RRFT data, as per SHR guidance

  b) the data set used to calculate recalls, required to be excluded from RRFT data, includes all repairs carried out since 2019 and not just during the reporting year, as required by the SHR.

  The review also highlighted data quality and completeness issues.

- Effective processes to monitor quality of internal operative performance against housing service standards and contractor performance against their contractually agreed key performance indicators (KPIs), require to be established. Improvements are needed to ensure that contractor performance including overspends accrued from repeat call outs are identified, recorded, and escalated through formal contract monitoring arrangements.

- Quality assurance procedures to conduct post inspection visits, review of invoices over the agreed threshold of variance between estimated and actual cost, monitoring of recall invoices, and stock monitoring procedures require to be formalised and documented.

- Moderate improvement is required to the repairs information published on Council website to ensure the information is complete, up to date and easily accessible.

Areas of good practice

Areas of good practice noted during this review include:

- numerous, accessible ways for tenants to report repairs

- efficient and easy process for allocating/updating jobs on the Total mobile system

- regular monitoring and reporting of repair targets and communication to relevant officers

- significant reduction in internal operatives' appointment waiting times due to management review and monitoring during weekly meetings.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Repairs right first-time procedures and training	🟠	🟠	Finding 5 – Repairs Information available to Customers	Low Priority
2. Performance data recording, collection, and reporting	🔴	🔴	Finding 1 – Measuring and Regulatory reporting of RRFT data	High Priority
			Finding 2 – Internal Operative and Contractor Performance Monitoring	Medium Priority
3. Cost controls, payments, and invoicing	🟠	🟠	Finding 3 – Quality Assurance Processes	Medium Priority
4. Risk management	🟠	🟠	Finding 4 – Risk Management of RRFT performance issues	Low Priority

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

As of 31 March 2023, the City of Edinburgh Council (the Council) owned circa 20,658 homes, let out to Council tenants. As a social landlord, the Council is responsible for the maintenance of these homes. Depending on the nature of the issue, repairs are categorised as a) responsive repairs – reactive repairs, some of which can be emergency and out of hours; b) planned maintenance – upgrades to kitchens, bathrooms and other improvement programmes, and c) maintenance and electrical – which includes gas and fire safety related works, adaptations, and lift repairs.

As a social landlord, the Council is required to report performance to the Scottish Housing Regulator (SHR) through the Annual Return on the Charter (ARC). Indicator 10 of the Charter considers performance for completion of reactive repairs and requires landlords to report on the percentage of reactive repairs carried out in the last year completed right first time.

The SHR technical guidance provides a definition of 'completed right first time' and to meet this a reactive repair must be completed within the appropriate target timescale agreed locally, and without the need for an operative to be recalled to work on a defect within the first year. The locally agreed timescales for the Council are 1 working day for an urgent repair and 20 working days for a routine repair.

During 2022/23, the Council completed 45,017 reactive repairs with 31,969 (71%) completed 'right first time'. This is a slight improvement on Council performance for 2021/22 (70.1%) and a decrease on performance for 2020/21 (85.3%). A similar reduction in performance for the Scottish average was noted (2022/23: 87.8%, 2021/22: 88.3% and 2020/21: 91.5%).

In June 2019, in recognition that performance was flatlining and in some areas decreasing across other key service areas, a Housing Service Improvement plan (HSIP) was presented to the Housing and Economy Committee, which is reported to committee on a six-monthly basis most recently October 2023 and includes a range of improvement activities related to repairs. The HSIP also includes a Performance Dashboard which includes several key performance indicators for repairs.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure the Council's approach and performance for completing repairs 'right first time' are in line with the criteria for indicator 10 of the Scottish Social Housing Charter, including completion of all aspects of the repair within the Council's target timescale and no recall to resolve subsequent defects within 12 months.

Risks

- Service delivery
- Regulatory and Legislative Compliance
- Financial and Budget Management
- Supplier, Contractor, and Partnership Management
- Health and Safety

Limitations of Scope

The following areas were excluded from scope:

- This audit only considered 'Reactive' repairs right first time in line with the Scottish Social Housing Charter indicator 10
- Mixed Tenure Repairs were excluded from this scope at it was reviewed in a separate audit, reported to the GRBV Committee in November 2023
- Repairs related to voids (empty properties) were excluded from scope as this is subject to a separate 23/24 audit.

Reporting Date

Testing was undertaken between 31 October 2023 and 7 December 2023.

Our audit work concluded on 7 December 2023 and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Measuring and Regulatory Reporting of RRFT data

Finding Rating	High Priority

The Scottish Housing Regulator (SHR) mandates social landlords to provide accurate information on their performance against the Social Housing Charter indicators and standards, through an Annual Return on the Charter. Indicator 10 of the charter relates to the percentage of reactive repairs completed right first time (RRFT), carried out during the reporting year. SHR guidance also clarifies that if a repair follows up with any recall during the same reporting year, then that repair should be excluded from the RRFT data.

Our review identified that the Council does not have an established measure to accurately record and report the recall data. Whilst the number of completed repairs can be measured, repairs right first-time data cannot be accurately reported as the number of recalls is not recorded accurately. The existing procedures to record repairs in Customer contact system (Verint) and Housing Management system (NEC) includes recording of new repairs but no guidelines to record a recall. Officers rely on duplicate schedule of rates (SOR) codes; however, it is not an accurate measure to identify the recalls.

The Council is also not accurately reporting the number of recalls on reactive repairs completed within a reporting year, as the data set currently used to report RRFT number to SHR, includes all repeat SOR codes carried out since 2019 and not just those completed during the reporting year. It was identified through audit discussions with officers that there is no documented procedure to assist officers with collating the required reporting data, in line with the SHR requirements.

Review of the reactive repairs data also highlighted data quality and completeness issues. 1,050 (out of 36,994) repair lines for the reporting year 2022/23 were incomplete or inaccurate, as they did not have a completion date or completion date prior to the issue date. Management advised that these repairs were excluded in the SHR data return, leading to an inaccurate annual return. This should be noted in the comments section of the return submission.

Risks

- **Governance and Decision Making –** poor data quality leading to inadequate management review of recalls to ensure repairs are carried out right the first time
- **Financial and Budget Management** – increased recalls leading to repairs overspend
- **Regulatory and Legislative Compliance** – incomplete and inaccurate regulatory reporting to the SHR
- **Service Delivery –** the Council may be unable to provide a housing repairs service within Housing Repairs service standard timescales

Recommendations and Management Action Plan: Measuring and Regulatory Reporting of RRFT data

Ref.	Recommendation	Agreed Management Action	Action / Owner Lead Officers	Timeframe
1.1	A procedure note aligned to the SHR technical guidance for collating and submitting data for the Annual Return on the Charter (ARC) should be developed and documented to	A procedure note will be produced outlining the approach to capturing more accurate data for future returns.	**Owner:** Executive Director of Place **Lead Officers:**	31/05/2024

	ensure that the SHR definition and criteria of repairs right first time is being met. This should include clarification on: • data points to be included and excluded e.g., emergency repairs • filters to ensure data is reported only for the correct reporting period • parameters within Microsoft Access, used to run the reports • secondary review by a senior officer to ensure that the data reported to the SHR is complete and accurate.		Service Director, Housing and Homelessness Head of Housing Operations	
1.2	A defined procedure (preferably automated) should be established to accurately identify recalls. It is also recommended for Housing Services to consult with Digital Services for advice and support on system improvements. In the interim, a manual workaround should be developed, documented, and communicated to Customer services and Housing teams, until a system improvement is identified and established.	Manual workaround to be implemented. Phased implementation for automated process. Step 1 – engage with ICT on automated procedure.	**Owner:** Executive Director of Place **Lead Officers:** Service Director, Housing and Homelessness Head of Housing Operations	31/05/2024
1.3	Data quality and completeness checks should be formally introduced to ensure that the repairs data in system, including completion date, is accurate and complete. The checks should include but not be limited to the following: • data check frequency • identification of thematic reasons for data quality issues, and • remedial actions to prevent reoccurrence.	Agreed.	**Owner:** Executive Director of Place **Lead Officers:** Service Director, Housing and Homelessness Head of Housing Operations	30/06/2024
1.4	Housing Services Team should notify the Scottish Housing Regulator about the inaccuracy of historical data returns and provide details of revised process to ensure the accuracy of future returns once developed.	The Scottish Housing Regulator will be contacted and informed.	**Owner:** Executive Director of Place **Lead Officers:** Service Director, Housing and Homelessness Head of Housing Operations	31/01/2024 SHR notified 25/1/2024 **Evidenced as complete.**

Finding 2 –Internal Operative and Contractor Performance Monitoring

Finding Rating	Medium Priority

The Council's Contract and Grant Management (CAGM) team has established contract management guidance and a Contract management manual and toolkit to support services in implementing a consistent contract management process across the Council, and ensure procured services provide best value for the Council. IA review highlighted that although contractor's performance against their contractually agreed key performance indicators (KPIs) is listed as an agenda item for monthly meetings, KPI reports are not currently monitored monthly.

Review of the PCS-T tracker (Public Contract Scotland- Tender: central tracker for contract related documents maintained by CAGM team) for agendas, minutes, action plans and KPI reports covered in monthly meetings with twelve contracts for the last twelve months, highlighted that only 59% of the monthly meetings were minuted.

Audit discussions have also highlighted that a process to develop KPI reports, capturing contractor performance against all the contract KPIs, and discussion with contractors on their performance against those KPIs, has not yet been established. Cost controls within the provided minutes covered costs outstanding to the contractor but did not cover overspend.

Review of the performance monitoring arrangements for internal operatives highlighted that while there is an informal process to review the number of completed jobs, there is no established process to measure the quality of individual operatives' performance against the Council housing repairs service standards.

Management has advised that incomplete or inadequate work would generally be identified through customer complaints and corrective actions are verbally discussed or emailed to operatives/contractors. An action plan may be used, however, there is no documented process to formally record or monitor issues. Discussions with the Housing Team Leaders also highlighted that they are not adequately trained on Total Mobile system to review the performance of internal operatives and contractors, and their compliance with KPIs.

Risks

- **Service Delivery –** the Council may be unable to provide a housing repairs service within housing repairs service standard timescale
- **Supplier, Contractor and Partnership Management** – contractors' potential non-compliance to the contractually agreed KPIs
- **Financial and Budget Management** – contractors' breach to the contractually agreed KPI's do not provide best value to the Council and inadequate performance monitoring leading to potential overspend
- **Regulatory and Legislative compliance** – inadequate performance leading to potential breach of SHR RRFT regulatory requirements
- **Reputational** – delayed repairs service does not meet the Council standards and tenants' expectations leading to dissatisfied citizens
- **Fraud and Serious organised crime –**poor quality repairs service leading to potential overspend and fraud may not be detected.

Recommendations and Management Action Plan: Internal Operative and Contractor Performance Monitoring

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
2.1	Improvements for contractor performance monitoring and reporting should be implemented to ensure	Agreed. Changes to strengthen contract management across the service has been	**Owner:** Executive Director of Place	30/06/2024

			Lead Officers:
	compliance with the Council's Contract Management guidance, manual and toolkit. This should include but not limited to central review and monitoring of contractors' performance against KPIs to ensure contractors are achieving the repair completion standards. This should be formally recorded to enable effective senior management oversight and remedial actions to improvement performance, where required.	identified as a priority as part of the Housing and Homelessness Service review. Development of KPI reporting will require systems development. ***Phased implementation:*** **Step 1** – gap analysis against contract management framework to identify where contract management procedures require to be further strengthened. **Step 2** – engage with ICT to identify system development requirements to deliver KPI reports by contractor.	**Lead Officers:** Service Director, Housing and Homelessness Head of Housing Operations	
2.2	A process to monitor operative and contractor performance including the following provisions should be established: • completing repairs within the agreed KPI timescales • completing right first time minimising the need for recall • ensuring a completion date is recorded on the Total mobile system in a timely manner • quality assurance processes outlined in 3.1 should be carried out to ensure repairs are completed adequately and to the required standard • an action plan when KPI's are not being met; it should be recorded and monitored by Council officers and should include who is responsible and when the action is to be completed by.	A process will be put in place to monitor performance against quality of work, including recalls.	**Owner:** Executive Director of Place **Lead Officers:** Service Director, Housing and Homelessness Head of Housing Operations	31/07/2024
2.3	Monthly meetings with all Contractors should be carried out and formally minuted, utilising the contract review meeting guidance within the Council's Contract Management Toolkit. This should include recording discussions on contract controls, including reporting on agreed KPIs and costs overspends.	Monthly contract meetings are in place and performance discussed, work will be undertaken to ensure meetings are minuted and recorded on the system. Appendix 1 to the Contract Management toolkit will be mandatory for all contractor meetings.	**Owner:** Executive Director of Place **Lead Officers:** Service Director, Housing and Homelessness Head of Housing Operations	31/05/2024

| | It is also recommended these are uploaded to PCS-T (Public Contract Scotland-Tender) system and monitored to ensure records are centrally available and complete and up to date records can be demonstrated. | Inclusion of KPI reports to support contract management meetings will be dependent on action outlined at 2.1 related to systems development.

Housing Service review consultation will propose the creation of a service wide commissioning and contracts manager/service to consolidate all external spend and monitoring thereof. | | |

Finding 3 – Quality Assurance Processes

There are no documented quality assurance procedures for reactive repairs processes, including post inspection of completed works, approval of invoices over the agreed tolerance threshold, monitoring of invoicing on recalled repairs and checks on materials and van stock.

Post Inspection Visits: Post inspection site visits to check the quality of repairs are required to be recorded on the site visit forms. There is however no documented evidence available to substantiate these post inspections visits.

Invoice Approval: As per the Housing team operational guidance, any repair work invoiced over the agreed tolerance threshold of estimated versus the actual cost (*in-house:150% or £250, whichever is lower; for sub-contractor: 50% or £75, whichever is lower*), is flagged for verification and requires authorisation by a Team leader (TL). Whilst there is a manual on how to run the report, there is no written guidance to support these authorisations and TLs advised that it is based on their experience and discretion. Discussions with TLs highlighted that they process several authorisations each day and are not always able to provide a detailed assessment for every invoice unless it is of significantly high value. Lack of a clear authorisation guidance could lead to high repair overspend for the Council.

Recall Invoices: As set out in Finding 1, recalled jobs are not uniquely identified therefore invoices for recalls, which could include duplicate invoices for the same repair leading to potential contractor overspend, are not able to be reviewed and monitored. Management has advised that some recalled jobs

are emailed directly to the contractor by a team leader or repairs direct and not added to the system. Consequentially these recall jobs are not formally documented or monitored.

Stock Monitoring: Audit discussions highlighted that officers monitor and report operatives and contractors purchasing materials and stock for repair van using their trade authorisation card with an external supplier, however these monitoring procedures are not formalised and documented.

Risks

- **Service Delivery –** failure to identify areas of improvement and learning needs required to improve performance

- **Financial and Budget Management** – the Council may not achieve best value and may be charged for recall jobs or works not completed; overspend not adequately monitored leading to financial loss for Council

- **Governance and Decision Making** – management are unaware of performance issues and make uninformed decisions

- **Reputational** – errors may not be rectified and could affect customer experience

- **Fraud and Serious Organised crime** –Lack of documented guidance on invoice approval and stock monitoring leading to Team Leader discretion/oversight, exposing the process to potential fraud.

Recommendations and Management Action Plan: Quality Assurance Processes

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
3.1	A documented quality assurance and post inspection programme should be developed to review the completion and quality of repairs carried out. The programme should include a clear methodology which sets out: • sample size of cases to be reviewed	Agreed. Approval for a post-work inspection team is currently pending with a view to embedding in the service structure as part of the service review.	**Owner:** Executive Director of Place **Lead Officers:**	30/06/2024

	• frequency and officer responsibility for quality reviews • documentation to support these quality assurance inspections • lessons learned and remedial work to be performed • officers' responsibility for review of the results of quality assurance exercises.		Service Director, Housing and Homelessness Head of Housing Operations	
3.2	A documented procedure for approvals/verification of repairs out with the tolerance threshold should be created and should include: • defined thresholds for internal operatives and contractors • nature of checks to be completed prior to authorisation • sample size and frequency of reviews, if applicable • officers' responsibility to debrief the results of quality checks into staff training.	Agreed. Defined tolerance thresholds are in place. Guidance and training for Team Leaders will be developed to give direction on reviewing and approving repairs that exceed these tolerances and will be documented in a formal written procedure.	**Owner:** Executive Director of Place **Lead Officers:** Service Director, Housing and Homelessness Head of Housing Operations	30/06/2024
3.3	Stock monitoring procedures should be formalised and documented. The procedure should include but not be restricted to sample reviews of: • operative spend and visits against their repair jobs • purchases per address to check there are no duplicate purchases • sub-contractor spend.	Agree that the current practice requires to be formally documented and reviewed to ensure it is comprehensive.	**Owner:** Executive Director of Place **Lead Officers:** Service Director, Housing and Homelessness Head of Housing Operations	30/04/2024
3.4	A sample of invoices for recalled jobs should be reviewed and monitored, subject to the implementation of management action 1.2.	A sample check of invoices for recalled jobs will be carried out.	**Owner:** Executive Director of Place **Lead Officers:** Service Director, Housing and Homelessness Head of Housing Operations	31/07/2024

Finding 4 – Risk Management of RRFT performance issues

Finding Rating	Low Priority

A review of the Housing property risk register highlighted that no specific risks related to repairs right first time were recorded within the service risk register, either in relation to monitoring or reporting.

It was noted there was a wider repair risk noted within the Housing and Homelessness risk register at directorate level, however, that would not allow for a focussed monitoring of specific performance risks at the operational service level.

Risks

- **Governance and Decision Making** – risks are not effectively identified and managed at service level.

Recommendations and Management Action Plan: Risk Management of RRFT performance issues

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
4.1	A review of risks related to repairs right first time should be undertaken, and risks identified should be recorded within the Housing Property risk register. This should include the risks associated with the issues raised in this report. Risks should be discussed with all relevant Operational Managers with mitigating actions agreed, recorded, and tracked, as required. Risks should be embedded into regular team meeting discussions to increase risk awareness, with support sought from the Council's Corporate Risk team, if required.	A review of risks related to Repairs Right First Time will be undertaken and included in the risk register as appropriate.	**Owner:** Executive Director of Place **Lead Officers:** Service Director, Housing and Homelessness Head of Housing Operations	30/04/2024

Finding 5 – Repairs Information available to Customers

Finding Rating	Low Priority

Our review of the housing repairs information on the Council's website highlighted that while the information provided to tenants is adequate, the following information is not complete:

- the Repairs policy has not been reviewed or updated since 2018, is not version controlled and has no formally allocated owner

- information in the Repairs policy is not up to date and requires review, for example, the repairs appointments section

- the repairs contact telephone number for routine repairs is not published on 'Reporting a repair' page of the website.

Risks

- **Reputational –** information available to citizens is inaccurate or not up to date
- **Service Delivery** – citizens are not able to effectively report and provide their repair requests.

Recommendations and Management Action Plan: Repairs Information available to Customers

Ref.	Recommendation	Agreed Management Action	Action Owner / Lead Officers	Timeframe
5.1	The information available to customers on the Council's website regarding repairs should be periodically reviewed to ensure it is complete, accurate and up to date.	The website is regularly reviewed and updated. A further review will be undertaken following the conclusion of this audit.	**Owner:** Executive Director of Place **Lead Officers:** Service Director, Housing and Homelessness Head of Housing Operations	30/04/2024
5.2	The Repairs policy should be allocated an owner, be reviewed for accuracy, and updated accordingly with version control included.	Agreed		30/04/2024

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed	🟢	Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory	🟢	Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity	🟠	Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity	🔴	Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	**N/A**	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Internal Audit Report

Housing Stock Condition – Tenant Safety, Damp and Mould

07 December 2023

PL2303

Overall Assessment	Substantial Assurance

Contents

This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2023/24 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2023. 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 are 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

Overall opinion and summary of findings

Our review of the Council's approach Tenant Safety and the Dampness Improvement Plan provides substantial assurance that the Council has established effective controls and processes to identify, remediate and monitor cases of damp and mould in a timely and effective manner, in line with the requirements of the Scottish Housing Regulator.

The following areas of improvement have been identified which are intended to strengthen the Council's control environment:

- action should be taken to understand why a KPI to complete dampness surveys within 21 days is not consistently being met
- contract management and performance monitoring meetings should occur regularly, be appropriately recorded and KPIs monitored.

Areas of good practice

Our review identified:

- effective customer interface controls have been established to identify tenant vulnerabilities when tenants report cases
- a pro-active communication plan and awareness campaign has been established that enables tenants to identify root causes of dampness, mould, and condensation issues
- a working group has been established which meets regularly to oversee progress of the Dampness Improvement Plan.

Audit Assessment

See Appendix 1 for Control Assessment and Assurance Definitions

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Implementation of the Council's Dampness Improvement Plan	🟢	🟢	No issues noted	N/A
2. Customer Experience	🟢	🟢	No issues noted	N/A
3. Repairs of dampness and mould	🟠	🟠	Finding 1 – Dampness, mould, and condensation-performance monitoring and improvement	Medium Priority
			Finding 2 – Contract Management of Repairs and Maintenance Framework	Medium Priority

Internal Audit Report: PL2303: Housing Stock Condition – Tenant Safety, Damp and Mould

Background and scope

The City of Edinburgh Council is a social landlord to approximately 20,000 homes across the city and is responsible for ensuring the safety and well-being of tenants in Council-owned housing.

Following the tragic death of a two-year-old in Rochdale in December 2020 from a respiratory condition found to be caused by mould in his home, the coroner's report highlighted a link between dampness and mould in houses and serious health conditions. The Scottish Housing Regulator wrote to local authorities in January 2023 requesting landlords to ensure that they have 'proactive systems in place to identify and deal with any reported cases of damp and mould timeously and effectively'. Different housing regulatory authorities have also published detailed guidance for landlords to follow on damp and mould incidents. Some of those include:

- 'Spotlight report' by the Housing Ombudsman Service including 26 recommendations for landlords on damp and mould management

- 'Putting Safety First', a briefing note by the Scottish Housing Regulator (SHR) and other agencies on damp and mould management for social housing practitioners.

The Council has also developed a Dampness Improvement Plan, agreed at the Housing, Homelessness and Fair Work Committee in May 2023, to review and develop all processes and procedures relating to the treatment of dampness and mould in Council Homes.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure the Council's Improvement Plan addresses the Scottish Housing Regulator's request to ensure that processes to identify and remediate cases of damp and mould in a timely and effective manner.

Risks

- Health and Safety
- Regulatory and Legislative Compliance
- Reputational
- Financial and Budget Management

Limitations of Scope

The following area was specifically excluded from the scope of our review:

- Insurance Services used by tenants who have experienced damage to their own property or belongings because of dampness and mould in Council homes.

Reporting Date

Testing was undertaken between 16 August and 14 October 2023.

Our audit work concluded on 14 October 2023 and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Dampness, Mould, and Condensation - Performance Monitoring and Improvement

Finding Rating	Medium Priority

A review of the tracker used to monitor Dampness, Mould, and Condensation cases across Council homes identified that the key performance indicator (KPI) target for completing dampness surveys within 21 days was not met in 50% of cases between January and 27 July 2023.

The tracker also contains target dates for completing internal repairs. It was noted, however, that the tracker does not identify instances when the target date has not been achieved. In four cases, a comment was noted to refer to other columns within the tracker, e.g., 'Recommended Works', but completion dates had not been recorded. Additionally, while there is a column in the tracker for the completion date of mould removal, no date was entered in two cases, and a comment was referred to another column which only gave details of recommended works.

A review of the Contract Handover report also identified that KPIs have not been established to monitor the timeliness of repairs carried out following the completion of a dampness survey.

Dampness, Mould, and Condensation performance dashboards are presented to the Housing, Homelessness and Fair Work committee twice annually as part of the overall update on the Dampness Improvement Plan. The dashboards contain data about the geographical location of cases raised (by locality) as well as reasons why repairs have been delayed. However, no information is presented to committee about the age of cases raised. The Committee is therefore unaware of and unable to scrutinise cases that have not been resolved for significantly overdue period.

Additionally, the Dampness, Mould and Condensation case tracker does not have a specific column to identify vulnerable tenants and subsequent costs associated with decants, where applicable.

Risks

- **Health and Safety –** dampness surveys and repairs not completed in a timely manner leading to potential health and safety impact for tenants
- **Supplier, Contractor and Partnership Management** – lack of performance monitoring to complete repairs in timely manner.
- **Governance and Decision Making** – Committee is unaware of, and unable to scrutinise, cases that have gone significantly overdue.

Recommendations and Management Action Plan: Dampness, Mould, and Condensation - Performance Monitoring and Improvement

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	a) Steps should be taken to understand why the KPI to complete a dampness survey within 21 days is not consistently being met.	a) Housing Operations (HO) reviewed current and predicted demand for surveys in the future and;	Executive Director of Place	Head of Housing Operations	28/05/2024

		• Will recruit and train three additional in-house Preservation Surveyors bringing the total to four in the Dampness Team • In addition to the two existing preservation contractors, another has been procured with agreement to carry out damp surveys. • Regularly review survey waiting times and deploy resources according to demand in each housing locality		Housing Team Operations Manager	
	b) Consideration should be given to establishment of a KPI for completing internal and preservation repairs in a timely manner (with valid exceptions, e.g., mixed tenure) omitted.	b) • KPI for internal preservation repairs to be agreed and set at next contract meeting • KPI timescales to be communicated to all stakeholders			31/03/2024
	c) The dampness, mould and condensation tracker should be updated to ensure all completion dates of works are recorded in the appropriate columns.	c) Dampness case tracker is updated weekly with completions information			28/02/2023
1.2	Dashboards presented to the Housing, Homelessness and Fair Work committee should include a summary of outstanding repair works by age to allow scrutiny and escalation of significantly overdue repairs.	The dashboard presented to HHFW committee will include all open cases since April 2023			31/05/2024
1.3	The Dampness, Mould and Condensation case tracker should be reviewed to ensure that a column is added to easily identify vulnerable tenants and costs associated with decants, where applicable.	This action was discussed with key officers during the course of the audit and an updated version of the tracker was provided demonstrating implementation of a Vulnerability column.		Head of Housing Operations Senior Repairs and Materials Officer	**Completed** – November 2023.

Finding 2 – Contract Management of Repairs and Maintenance framework

Finding Rating	Medium Priority

As part of audit fieldwork, Internal Audit requested the last three minutes of monthly contractor meetings with two suppliers:

Contractor 1: Internal Audit was provided monthly meeting notes for three months (May, June, and September 2023). There was no evidence available to confirm that monthly contract meetings were held in July and August 2023. Management advised that performance discussions have been held with the contractor but were not documented. While contract performance is a standing item on agendas with contractors, insufficient information was available within the minutes to verify what KPIs have been established and discussed.

Contractor 2: Only one minute (February 2023 meeting) was available to demonstrate that contract management meetings were being held with the contractor. Meeting notes indicated that discussions took place on KPIs but did not state numbers or percentages that the contractor must adhere to. The KPIs differed from those developed with the Council'[s Commercial and Procurement Services (CPS) during the procurement process and the Contract Handover report was also noted as not signed by the service area despite repeated requests from CPS.

Risks

- **Supplier, Contractor and Partnership Management** – contractor performance is not monitored against agreed performance targets.

Recommendations and Management Action Plan: Contract Management of Repairs and Maintenance framework

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	The Contract Handover report should be signed by the service manager, and agreed KPIs reviewed to ensure they are being recorded and monitored. Monthly contract review meetings should resume, with performance against agreed KPIs recorded and scrutinised.	• Contract Handover report to be signed by Willie Gilhooly (acting service manager at the time of framework procurement) • Contract review meetings will continue to take place every month • Measurement of performance by all contractors against KPIs to be analysed and recorded at each contract meeting	Executive Director of Place	Head of Housing Operations Housing Team Operations Manager	31/05/2024

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