

# *Oxford City Council*

## Health and Safety: Housing Stock and Corporate Assets

Internal Audit Report  
2014/2015  
April 2015

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## Distribution List

### For action

**Stephen Clarke (Head of Housing and Property Services)**  
**Steve Stansfield (Property Health and Safety Surveyor)**  
**Martin Shaw (Property Services Manager)**  
**Jonathan Gould (Programme and Planning Manager)**

### For information

**David Edwards (Executive Director – City Regeneration & Housing)**  
**Nigel Kennedy (Head of Finance)**  
**Jackie Yates (Executive Director – Organisational Development & Corporate Services)**  
**Peter Sloman (Chief Executive)**

*This report has been prepared by PwC in accordance with our engagement letter dated 1 July 2013.*

*Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to the Public Sector Internal Audit Standards. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.*

# 1. Executive summary

Report classification	Total number of findings					
	Critical	High	Medium	Low	Advisory	
 <b>Medium risk (11 points)</b>	Control design	0	0	0	1	0
	Operating effectiveness	0	0	3	1	1
	Open prior year findings	0	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>1</b>

## Summary of findings:

We reviewed the design and operating effectiveness of controls and processes in place relating to Health and Safety across housing stock and corporate assets.

We found three medium risk issues relating to the following:

- Corporate property health and safety checks: Asbestos – a number of issues were found as part of our testing of 25 corporate assets, including failure to perform the required asbestos checks for one property and some instances of inaccurate data.
- Housing stock health and safety checks: Electrical inspections – our testing of 25 properties found 7 cases where electric checks were not carried out within the required timescales. There were 2 properties for which the Council was unable to locate electrical inspection certificates.
- Work required following checks – for 1 out of 25 corporate assets tested we found that the health and safety checks performed highlighted the need for repair work (non-urgent) to be performed in July 2013, but there was no evidence to show that this had been addressed at the time of the audit.

We found two low risk issues relating to the following:

- For leased properties the Council requests written confirmation from the leaseholders that they have fulfilled their responsibility with regards to health and safety compliance. In our sample of 25 corporate assets we identified 8 leased properties and found that requests to confirm compliance had not been sent out for 2 properties.
- Identifying required/overdue checks – procedures for identifying required or overdue checks are not robust.

An advisory point to review the consistency of monitoring tools, action plans and progress reports has also been raised.

The Council is currently in the middle of a systems review. Some records are kept on a shared drive pending the results of the systems review. This needs to be completed so that data can be stored in an organised, consistent, sustainable and secure way.

We searched the Health and Safety Executive website and found that the last notice served on the Council was in May 2013. This was an 'Immediate prohibition notice', served on the Direct Services division for poor site practices. A number of staff were retrained and Council's policy was reviewed and revised to ensure there was no recurrence.

The overall risk has been assessed as medium.

# 2. Detailed current year findings

## 1. Corporate property health and safety checks: Asbestos – Operating effectiveness

Finding		
<p>We reviewed the evidence of health and safety checks for sample of 25 corporate assets and found the following:</p> <ul style="list-style-type: none"> <li>An asbestos survey should have been carried out by the Council but was not done for 1 property.</li> </ul> <p>We also found issues with the accuracy of data in relation to asbestos checks:</p> <ul style="list-style-type: none"> <li>For 5 properties the system showed the results of the asbestos survey as ‘high risk’; this was because the Council was unable to obtain access to all or part of the property, so to be prudent risk was set to high, but it does not necessarily mean there is a high risk of asbestos on site. The risk level is set to ‘high risk’ if a property is not fully accessible or if asbestos has been found which needs to be managed; the system does not distinguish between the two.</li> <li>For 1 of the properties the asbestos survey found the risk to be medium, this had been followed up by the Council and should have been marked as low, but the status on the system had not been updated.</li> </ul>		
23	<p>The asbestos survey was showing as overdue for one property. The original survey carried out did not identify any asbestos therefore another check was not required. The frequency should have been entered as N/A.</p>	
Risks		
<p>The safety of Council staff or the public may be compromised as a result of failure to carry out the appropriate checks. Management may be using incorrect information to monitor and manage health and safety risk and planned works.</p>		
Action plan		
Finding rating	Agreed action	Responsible person / title
Medium 	<p>There were a number of data errors discovered as part of the audit but none of these would have led to a risk on site. As a backup to the data base and in line with good practice we always ensure a survey is done before carrying our capital works and operatives are trained in the recognition of asbestos. We are in the process of redesigning our asbestos data base which will address these issues.</p> <p>All properties for which the asbestos survey result is set to high or medium risk will be reviewed and actioned. Any properties for which an asbestos survey has not been carried out will be prioritised as part of the checking processes.</p>	Property Services Manager  <b>Target date: End June</b>  31 August 2015

Where the Council is satisfied that there is no asbestos at the property, the due date for the next survey will be set to not applicable.

The Council are in the process of introducing an improved asbestos management system (AMS) which will provide a 'gap analysis' and flag any properties which have been missed.

## 2. Housing stock health and safety checks: Electrical inspections - Operating effectiveness

### Finding

We reviewed evidence to confirm gas and electricity checks were carried out for a sample of 25 housing properties and found the following issues:

- In February 2015 the Council adopted a policy of 5-yearly domestic electrical system inspection. This is not a mandatory requirement and the Council had previously been working to a 7 year inspection frequency. We found that electric checks had not been carried out within the past 5 years for 6 properties; of these 4 had not been inspected in the past 7 years.
- For 2 properties there was no evidence to confirm that any electrical inspections had been performed.

For all properties in our sample which had gas we were able to agree back to gas inspection certificates issued within the last year.

### Risks

The safety of tenants may be compromised as a result of failure to carry out the appropriate checks.

### Action plan

Finding rating	Agreed action	Responsible person / title
Medium 	<p>Property data will be reviewed to ensure that the required electric checks are carried out for all properties.</p> <p>A plan will be put in place for how the council intends on meeting the target of 5 yearly inspections.</p> <p>Where the Council is unable to obtain access this will be followed up and tenants will be contacted to arrange the checks as a matter of urgency.</p> <p>Procedures for storing documentation will be reviewed.</p>	<p>Property Services Manager</p> <p><b>Target date:</b></p> <p>31 July 2015</p>

### 3. Work required on properties – Operating effectiveness

<b>Finding</b>		
For 1 out of the 25 corporate assets tested, we found that the health and safety condition survey highlighted the need for work to be carried out on a children’s play area. The work was not urgent; it was to replace the protective cap on a bolt which was missing. The survey was performed on 14/07/2013 but the Council’s system shows no record that the work had been carried out.		
In this case the work was not urgent; however there is a risk works may be left un-actioned as there is no clear process in place for monitoring such cases.		
<b>Risks</b>		
The safety of users can be compromised as a result of failure to complete the necessary work.		
<b>Action plan</b>		
<b>Finding rating</b>	<b>Agreed action</b>	<b>Responsible person / title</b>
26 Medium 	A system report will be incorporated into regular reporting, this will highlighted cases where the checks found that work is required.  Procedures for recording condition surveys will be reviewed to ensure a clear trail is kept of the survey date, work required and the date work is performed.  <i>Note - In the case identified above, there is a weekly inspection regime and the required work had been done, but we did not have the evidence to show this.</i>	Parks Manager  <b>Target date:</b>  31 August 2015

## 4. Leased property checks – Operating effectiveness

### Finding

Responsibility for performing health and safety checks on properties which the Council has leased out lies with leaseholders. Whilst there is no legal requirement to do so, as a responsible landlord the Council decided to carry out an exercise whereby they write to leaseholders requesting confirmation that they have fulfilled their responsibility with regards to health and safety compliance.

During our testing of 25 corporate assets we identified 8 leased properties and found that requests for information had not been sent out for 2.

### Risks

Checks may not be carried out by tenants, this will compromise the safety of occupants and there is a reputational risk for the Council.

### Action plan

#### Finding rating

Low



#### Agreed action

All leased properties where the Council has no direct responsibility for carrying out checks will be identified and requests for confirmation of the checks will be sent to leaseholders. Responses will be clearly monitored and chased as required.

#### Responsible person / title

Property Services Manager

#### Target date:

30 June 2015

## 5. Identifying required/overdue checks - Control design

### Finding

For corporate assets we found a system report is currently produced on an ad hoc basis which highlights properties for which inspections are overdue. However, the report is not currently part of regular reporting. There is no similar report produced for housing stock.

The required compliance dates are not built into the system, for example if an electric check is due every 5 years, the next due date is manually entered.

We also noted that gas and electric check records for housing properties are only in paper copy.

### Risks

There is a risk that checks are not carried out or are delayed which will compromise the safety of occupants. There is a risk of manual error in the due date for checks.

### Action plan

Finding rating	Agreed action	Responsible person / title
28 Low 	<p>For corporate properties meetings are held with contractors on a regular basis. Reports will be produced showing overdue checks and discussed as part of these meetings.</p> <p>A similar report will be incorporated into regular reporting for housing properties</p> <p>Consideration will be given to keeping gas and electric record electronically to help avoid loss of data.</p>	<p>Martin Shaw</p> <hr/> <p><b>Target date:</b></p> <hr/> <p>31 July 2015</p>

## 6. Action plan - Advisory

### Finding

The Council has an action plan against which a progress report is produced to monitor the status of checks.

When we reviewed the progress report we noted that there were omissions in the number of cemeteries recorded for which the Council has responsibility for health and safety checks. We understand that this progress report is not part of the Health & Safety monitoring tools and whilst the number cemeteries was incorrect on the plan this did not affect the actions that were carried out.

### Recommendation

The systems review and proposed new database will provide an opportunity to review monitor tools, action plans and progress reports to ensure that complete and consistent data is used across all property types.

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# Appendix 1: Basis of our classifications

## Individual finding ratings

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

## Report classifications

Findings rating	Points
<b>Critical</b>	40 points per finding
<b>High</b>	10 points per finding
<b>Medium</b>	3 points per finding
<b>Low</b>	1 point per finding

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Report classification	Points
 Low risk	6 points or less
 Medium risk	7– 15 points
 High risk	16– 39 points
 Critical risk	40 points and over

## Appendix 2: Terms of Reference

# **Oxford City Council**

## **Terms of reference – Health and Safety: Housing Stock and Corporate Assets**

**To:** *Stephen Clarke, Head of Housing and Property Services*  
**From:** *Kate Mulhearn, Internal Audit Manager*

This review is being undertaken as part of the 2014/15 internal audit plan approved by the Audit and Governance Committee.

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### **Background**

Housing Stock and Corporate Asset health and safety is managed centrally by the Housing and Property Services team at the Council. The team have an action plan that lays out the various tasks which are undertaken to maintain and monitor health and safety of housing stock and corporate assets.

Data on housing stock and corporate assets was previously maintained by separate teams at the Council. However, operations have been combined under the remit of a single team who are responsible for keeping data up to date, accurate and complete and reporting issues to ensure appropriate action can be taken.

Health and safety inspection works are carried out by the Council's Direct Services Organisation (DSO) and external contractors. Where work is performed by the DSO, all data is retained on the DSO database to which the Council has access. For works performed by external contractors, documentation is provided to the Council and directly input on the Council's database. Health and safety data is therefore held on mixture of spreadsheets, contractor systems, Uniform (internal system used for corporate assets) and manual shared drive folders.

A review of business applications is currently being undertaken by the National Computer Centre (NCC), the outcome of which will assist the department in determining a single system to store and maintain data on both housing stock and corporate assets (in total approximately 5,000 properties).

Our last health and safety review was carried out in 2012/13, this noted a number of issues with the completeness, accuracy and reporting of data.

This review will follow up on the recommendations raised and focus primarily on data quality.

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### **Scope**

This review will cover the following scope:

- A review of the latest Health and Safety Action Plan and progress against this.
- A high-level review of the process followed to update health and safety information relating to housing stock and corporate assets. This will include:
  - Reviewing the process followed to ensure completeness and accuracy of information.
  - An assessment of the ongoing management processes to ensure the Council is compliant with Health & Safety legislation.
  - An assessment of the working arrangements; including whether roles, responsibilities and reporting requirements are clearly defined.
- Assess the accuracy and completeness of health and safety data by testing a sample of properties;

- A review of management information to assess the robustness of monitoring arrangements and whether reports produced are based on complete information and fit-for-purpose.
- A follow up of the issues and recommendations we raised as part of the review performed in 2012/13.

## Limitations of scope

We will review the design and operating effectiveness of key controls and policies in place relating to these areas during the period 2014/15. The scope of our work will be limited to those areas outlined above.

This review will not consider the appropriateness of the current systems/software which will be assessed by the Council following the outcome of the NCC review of business applications.

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## Audit Approach

Our audit approach is as follows:

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

# Appendix 3: Limitations and responsibilities

## Limitations inherent to the internal auditor's work

We have undertaken the review of Housing Stock and Corporate Assets Health and Safety, subject to the limitations outlined below.

### Internal control

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

### Future periods

Our assessment of controls relating to the Health and Safety review is for the 2014/15 year.

Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

## Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

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