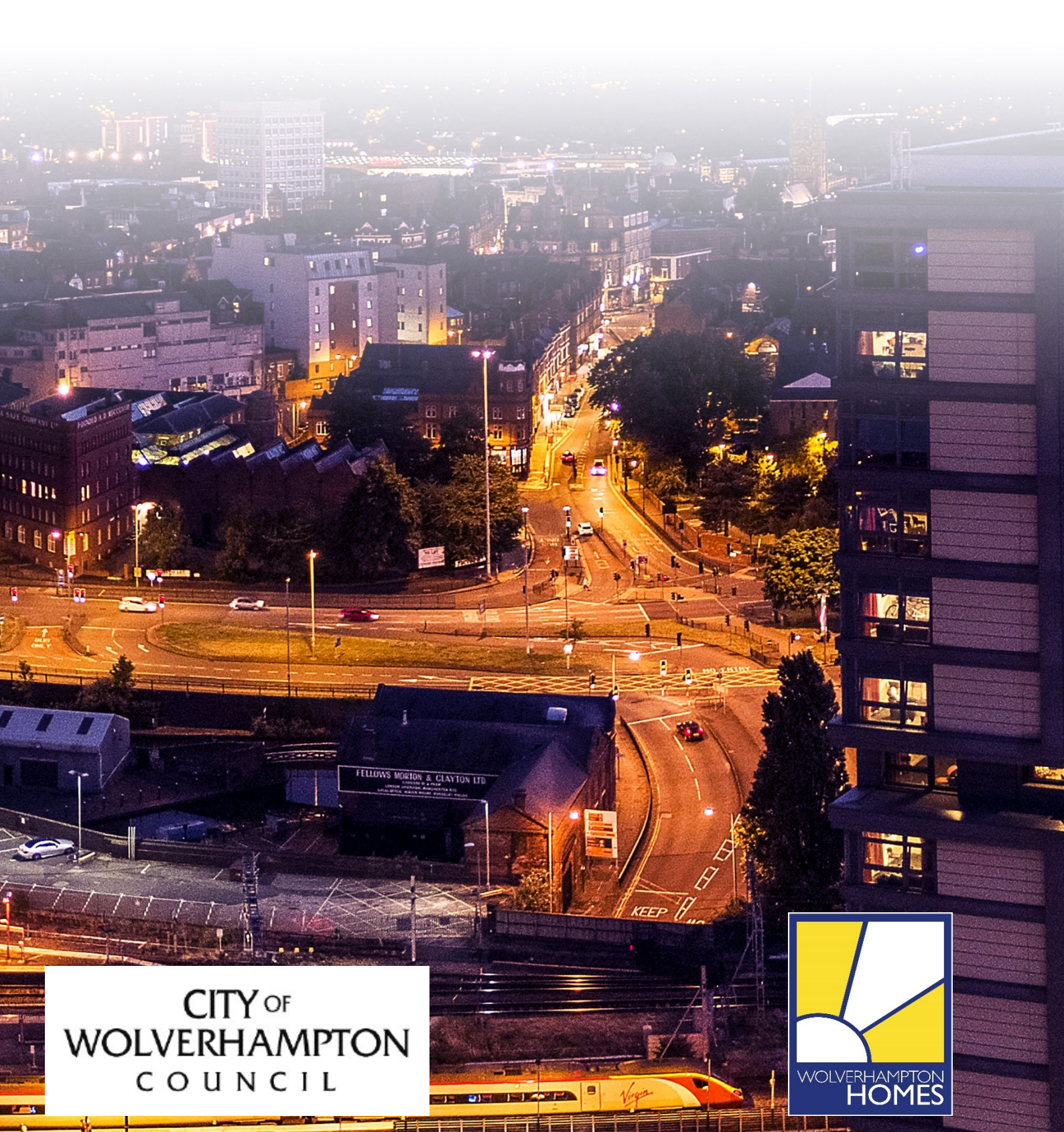# Internal Audit Update Report:

Wolverhampton Homes

Update report on the implementation of recommendations following the Savills Consumer Standards review.

2022 - 2023

CITY OF WOLVERHAMPTON COUNCIL

WOLVERHAMPTON HOMES

1 Executive Summary

Introduction

In accordance with the 2022 - 2023 audit plan, a review of the Company response to the externally commissioned report by Savills regarding compliance with consumer standards has been undertaken.

The Regulator of Social Housing (RSH), Consumer Standards are designed to protect tenants from living in homes that are unsafe and in poor condition. The regulations require housing providers to have good quality, reliable data about their homes and the diverse needs of their tenants, to provide assurance that tenants are safe in their homes.

The Savills report identified that there was an adequate policy framework in place and noted areas requiring enhancement against the RSH Consumer Standards.

Objectives, potential risks and scope of audit work

Our audit was conducted in conformance with the Public Sector Internal Audit Standards and considered the following:

Objectives:	To determine the progress made by Wolverhampton Homes in implementing the improvements against the RSH Consumer Standards, as identified in the Savills review.
Potential Risks:	Breach of RSH requirements. Increased intervention by RSH.
Scope:	A high-level review of key documents and to give assurance that progress can be evidenced against recommendations made within the Savills report.

Overall Conclusion

Our audit provides **Satisfactory** assurance over the adequacy of the controls reviewed as part of the process to mitigate risks to an acceptable level.

No Assurance	Limited	**Satisfactory**	Substantial
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	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	**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**	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.

objectives in the area audited.	objectives in the area audited.	**objectives in the area audited.**	

Basis for Opinion

A recommendation monitoring spreadsheet has been developed, which is used to identify the actions required and percentage of work completed against each of the areas for improvement, as identified by Savills. Areas for improvement have been assigned to appropriate managers. Regular project meetings take place within the Company to discuss the progress. It was noted that the monitoring spreadsheet requires some enhancements, more regular updating, and a reference to supporting evidence.

Overall, recommendations regarding improvements to documentation / policy revisions are substantially complete. Improvements to the existing repair and maintenance system are also advancing.

The implementation of a multifaceted improvement project in respect of quality of accommodation will involve implementing a new IT system and improved data collection, it is accepted that this project requires a longer timeframe to implement.

Acknowledgment

Several employees gave their time and co-operation during this review. We would like to record our thanks to all those concerned.

We also acknowledge this is a review at a set point in time and will require further follow up action to provide assurance to both the Company and the council that the progress as planned is being maintained and the recommendations have been fully implemented and embedded.

It has been agreed with the Head of Business Services that this report will be shared with the Council and discussed at the Housing Strategy meeting.

2. Findings and Recommendations

Action is required to avoid exposure to significant risks in achieving objectives **Amber**

1. Overall programme control and monitoring
Finding: A monitoring spreadsheet tracks the progress of recommendations requiring implementation. These details the thirty-seven areas identified by Savills for improvement. The spreadsheet is not risk rated or prioritised, even though some areas for improvement are very complex and potentially long term. Further, the recommendations recorded as complete on the monitoring spreadsheet are not fully referenced to supporting information or signed off by an accountable person. It is therefore unclear how assurance would be provided that recommendations have been appropriately implemented. Currently the formal project support is being provided from within Corporate Services, who have responsibility for ensuring the progression, planning, and progress reporting for improvements. We have noted that complex projects would benefit from the support of a programme management officer.
Implication: Lack of overall project control / project objectives not met leading to further intervention from the Housing Regulator.
Agreed Recommendation: - The monitoring spreadsheet will be further developed to include priority / risk ratings and referenced to a file supporting evidence   - Formally recorded assurance that improvements completed satisfy each element of the Consumer Standard will be obtained, this will also include details where the improvement is required by the council   - The merits of project management support and associated tools will require further consideration by SMT

Responsible Officer: Head of Business Services	**Target Date:** December 2022

2. Quality of the Accommodation (Savills recommended actions 1 to 6)

Finding:
This area is recognised as a major issue and requires a robust IT solution, in addition, property surveys are required to gather more detailed information about properties than is currently available. This is a complex long-term project and will take time to fully implement.
A suitable IT Solution does not currently exist in the current system and will need to be developed by an external provider. It is understood that this is a common issue across the country.

This element of the project is therefore at an early stage of development. Evidence of detailed notes of project meetings were provided which identify actions currently open. The overall project plan is set in Microsoft Office Project. The key and sub elements of the project, along with risks and dependencies are not readily identified. For example, recruitment has been identified as an issue but the impact on project delivery for various scenarios is not clearly detailed. It is, therefore, difficult to obtain a reasonable level of assurance regarding the time frame for delivering all or parts of this complex and multifaceted project.

A clear overall plan would help to provide transparency and visibility to the Regulator for Social Housing the recommended improvements are controlled and identify the phases of implementation. It also reduces the level of risk to the project if there is any change in personnel assigned to the project.

Implication: Potential project failure / recommendations not addressed due to lack of formal project control

Agreed Recommendation:

For long-term improvement projects, detailed plans identifying all key elements and sub-elements, risks and dependencies will be consolidated to provide a clear overall monitoring and progress measure.

Responsible Officer:	**Target Date:**
Head of Business Services	January 2023

3. Repairs and Maintenance (Savills actions 7 to 14)

Finding:
This has involved an upgrade to the repairs and maintenance IT system and changes in working practices. In this case, the required IT solution already existed and new modules could be installed in the existing repairs and maintenance system. The project manager confirmed that implementation of this project is progressing well, although it is noted that the target completion date has changed from Autumn 2022 to March 2023. It was confirmed this was due to the company awaiting a system upgrade from the external supplier. No reference to this issue was detailed in the monitoring spreadsheet, however there is separate system development project plan in place.

Implication: No evidence to support the progress of the implementation of the recommended improvement for an external review.

Agreed Recommendation: Additional information regarding progress of projects will be included within the monitoring spreadsheet.

Responsible Officer:	Target Date:
Head of Business Services	December 2022

Action is advised to enhance risk control or operational efficiency **Green**

4. Neighbourhood and Community and Tenant Involvement and Empowerment. (Savills actions 15 to 37)

Finding:
Recommendations for improvement relate to areas of the standard that require policies, procedures, and terms of reference to be updated. Entries on the monitoring spreadsheet indicate most improvements are either complete or substantially complete. In some cases, the responsibility for the improvement rests with the council and therefore cannot be actioned by the company. However, it is noted that there was no reference to the amended documents within the monitoring spreadsheet.

Implication: No evidence to support the progress of the implementation of the recommended improvement.

Agreed Recommendation:
Refer to finding number 3, developing, and evidencing the improvements on the spreadsheet.

Responsible Officer:	Target Date:
Head of Business Services	December 2022

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- Accordingly, these examinations by internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist.

Report distribution: Julie Haydon, Director of Corporate Services - FINAL ONLY
Nicky Devey, Head of Business Services

Date: 20 October 2022