



Hinckley & Bosworth Council – Internal Audit Report  
**Statutory Property Compliance 2022/23**  
April 2024

**Final Report**

**mazars**

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## ***Disclaimer***

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## 01 Introduction

As part of the 2022/23 Internal Audit Plan for Hinckley and Bosworth Borough Council (the 'Council'), we have undertaken a review of Statutory Property Compliance. The objectives of the audit were to evaluate the adequacy of the system of internal controls in place to oversee and manage statutory property compliance. As part of the review, we conducted data integrity tests on key compliance areas. See Appendix A2 for details and results of the testing.

We are grateful to the Property Compliance Officer and Housing Repairs Manager and all other staff interviewed for their assistance during the audit.

This report summarises the results of the internal audit work and, therefore, does not include all matters that came to our attention during the review. Such matters have been discussed with the relevant staff.

## 02 Background

The Council manages more than 3,100 properties. The Health and Safety Arrangements for Management of Buildings and Equipment acts as the overarching policy. There are other departmental and council-wide policies and procedures for individual compliance areas (gas, electrical, asbestos, water, and fire).

The Repairs Department is responsible for the day-to-day management of statutory property compliance except for Fire Risk Assessments (FRAs) and lift servicing. The repairs team is led by the Head of Housing who oversees the Property Compliance Officer and Housing Repairs Manager. The Corporate Health and Safety Officer is the competent person for fire safety and the Housing Assets & Support Teams Manager is responsible for implementing the Fire Safety Policy. The Corporate Health and Safety Officer is also responsible for lift compliance.

External contractors are used in varying degrees for each compliance area:

- Farrendale Ltd for electrical re-wires, remedials and testing
- Second Element for legionella testing
- European Asbestos/Groundcare for asbestos' removal

- SGS for asbestos' testing
- Novus Solutions for FRA Works
- Gap Services/GW Throop for Lifts' (General Dwelling) installation and service
- PH Jones for gas servicing and maintenance

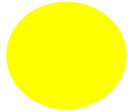
In-house compliance staff are hired using job descriptions that clarify requirements and qualifications/certificates. To track compliance, the Council uses Microsoft Excel spreadsheets, MRI (the Housing Management system) and contractor databases. To improve processes for statutory property compliance, the Council purchased specific compliance management software, The Compliance Workbook (TCW), in October 2022 and was in the process of implementation at the time of audit.

The Senior Leadership Team (SLT) receives quarterly reports containing a dashboard as an appendix which shows Council Housing Compliance. Performance reporting in the dashboard from the year 2022-2023 is as follows:

Area	Q2	Q3	Q4
Communal Legionella testing	100%	100%	100%
Communal Legionella remedial works	100%	100%	100%
Asbestos surveys	97.69%	97.69%	97.98%
Gas servicing	July: 99.86% August: 100% September: 100%	October: 99.86% November: 100% December: 99.93%	January: 100% February: 100% March: 100%
Electrical testing - General dwelling	97.21%	97.21%	97.86%
Communal electrical testing	100%	100%	100%
Communal FRA's	100%	100%	100%
Communal FRA remedial works	No figures were reported. A comment was provided instead stating the following: "FRA remedial works carried out as required and FRAs and Corporate H&S Officer updated."		

## 03 Key findings

### Assurance Rating



**Moderate Assurance**

### Rationale

Based on the agreed scope and rating criteria (see **Appendix A1** for the detailed scope and definitions of the assurance ratings), there is **Moderate** assurance over the system of internal control evaluated.

The Council has identified improvements to the reliability of compliance data and purchased compliance management software, The Compliance Workbook (TCW), in October 2022. We were advised that the implementation of TCW will resolve a number of the recommendations raised in the report. We have taken into consideration the Council's awareness of improvements and their initial steps towards implementing new systems when giving the opinion.

Since the audit, we were advised that TCW is now fully implemented for the areas of gas compliance, asbestos management and electrical safety. Testing of TCW will be completed as part of our follow-up work to assess whether it has addressed the recommendations raised.

Further detail regarding the recommendations is in **Section 04** and a summary of key observations is included below.

Priority	Number of Recommendations
High	-
Medium	7
Low	-
<b>TOTAL</b>	<b>7</b>

### 3.1 Examples of areas where controls are operating reliably

- The Corporate Health and Safety Officer is the competent individual named for fire safety. We were provided with a certificate from the Institute of Fire Safety Managers which confirms the Corporate Health and Safety Officer is a member of the Institute of Fire Safety Managers at Technician Grade.
- The Council uses the following contractors selected from Efficiency East Midlands Framework:
  - Farrendale Ltd for electrical re-wires, remedials and testing
  - Second Element for legionella testing
  - European Asbestos/Groundcare for asbestos' removal
  - SGS for asbestos' testing
  - Novus Solutions for FRA Works
  - Lift engineering services (General Dwelling) installation and service

We reviewed EEM Framework's website and confirmed it stated that EEM carries out pre-vetting and due-diligence processes to provide assurance that EEM will select suitably qualified and accredited, financially stable providers with trusted references and relevant sector experience.

- A dashboard detailing compliance in respect of gas, FRAs, legionella and electrical is presented to the Senior Leadership Team every quarter. The reports contain a section which details actions to achieve or maintain compliance. We confirmed this section had been completed for all areas for Q2, Q3 and Q4 of 2022/23. For example, 97.86% compliance was reported for Electrical testing (General Dwelling) in Q4 2022/23. A further action was recorded to improve performance in relation to no access properties. (N.B. We have raised a number of recommendations in relation to underlying data quality in Section 04 below).

### 3.2 Risk Management

We reviewed the Council's Risk Register and found the following risk relating to health and safety and data management: *S.16 Failure to adhere to Health and Safety Legislation/Regulations.*

Mitigations listed include quarterly H&S reports and frequent reporting to the SLT. We have raised a recommendation in Section 04 in relation to H&S reports as the Council does not report on how many remedial actions are open per priority level across the compliance programme. In addition, there is no reporting on lift compliance.

It is our view that the current internal controls in place at the Council in respect of statutory property compliance are inadequate. We have raised multiple recommendations in Section 04.

### 3.3 Value for Money

Across the sector, we note that a majority of organisations utilise their housing management systems for statutory property compliance, but we are increasingly seeing a move towards use of the asset management system. The Council uses ProMaster as its asset management system, however, the system is not up to date with asset components and there are discrepancies between data held across the Council. To improve processes for statutory property compliance, the Council has purchased specific compliance management software, The Compliance Workbook (TCW), in October 2022.

At the time of the audit, spreadsheets were used for LGSRs, FRAs and electrical inspections to manage statutory property compliance. Where spreadsheets are used, it is standard practice for reconciliations against other available data sources to be undertaken to confirm the spreadsheets are complete and contain all locations where the Council is responsible for risk management and compliance. We noted that reconciliations to the housing management system, MRI, are not consistently being carried out for each compliance area. There are no set timings or procedures which indicate how often reconciliations should be carried out and how. There is a risk that missing properties from the statutory compliance programme are not identified.

Our data analysis work identified discrepancies in the data held in the spreadsheets. In addition, the compliance programmes available for us

to review did not have all the data required to be able to effectively monitor the programme. We have included examples of what data should be captured in programmes in Appendix A4.

We were advised that the implementation of TCW will resolve a number of the recommendations raised in the report.

### 3.4 Sector Comparison

Robust performance monitoring is key in order to enable the Board to maintain sufficient scrutiny over the management of the relevant risk.

In peer organisations, the Board receives consistent standard reporting on statutory property compliance on all of the big six compliance areas. Common indicators reported to the Board at peers include:

- Completion of fire risk actions.
- Percentage of properties not surveyed for electrical safety within last 5 years; and
- Percentage of lifts with an in-date thorough inspection.

A quarterly H&S report is presented to the SLT at the Council; however, we note that figures for completion of fire risk actions are not included nor is there any information reported on lift compliance.

We have included a recommendation on reporting in **Section 04** of this report and provided an example reporting scorecard used at a client in **Appendix A3**.

## 04 Areas for further improvement and action plan

Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

We identified a number of areas where there is scope for improvement in the control environment. The matters arising have been discussed with management. The recommendations are detailed in the management action plan below.

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
4.1	<p><b>Statutory Compliance Data Quality</b></p> <p>The Council has identified improvements to the reliability of compliance data and purchased compliance management software, The Compliance Workbook (TCW), in October 2022. At the time of the audit, the software was not operational, and spreadsheets were used to monitor compliance.</p> <p>We noted that regular reconciliations do not take place between all the compliance spreadsheets or contractor records and the Council's housing system, MRI, and asset management system, Promaster. We see this as standard practice where spreadsheets are used to manage property compliance and mitigates the risk of missing properties from programmes. The Council uses spreadsheets for LGSR, FRAs and electrical inspections to manage statutory property compliance. The Council does not have its own spreadsheets to monitor the programme for lifts, water risk assessments and asbestos programmes and decided to use contractor's data/systems. These are also not regularly reconciled.</p>	<p>The Council should:</p> <ul style="list-style-type: none"> <li>As planned, seek to move away from spreadsheets and implement automation in processes for statutory compliance.</li> <li>Complete an exercise to cleanse the data in Promaster so there is an accurate list that can be fully reconciled to the compliance spreadsheets and contractor databases (and later TCW). The properties identified as missing during the audit from ProMaster should be investigated.</li> <li>Regularly reconcile information in TCW against ProMaster and other external contract portals. Consistently use UPRNs across the compliance spreadsheets (and TCW when operational for all compliance areas) and contractor databases.</li> </ul>	Medium	<p>At the time of the audit, and since the audit's findings, work has been underway to ensure that data held is centralised. This is via the compliance work book.</p> <p>Recommendations from the audit are noted, and evidence is supplied to demonstrate work already completed.</p>	<p>TCW is now in operation for the gas, asbestos and electrical compliance areas.</p> <p>TCW is expected to be in operation within the next six months for lifts, water testing and fire risk assessments. (September 2024)</p>

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>UPRNs are not consistently used across the registers which makes reconciliations difficult and time consuming.</p> <p>As part of the review, we conducted data integrity tests across the compliance areas. We identified a high number of discrepancies in the data reviewed. For example, properties recorded in the compliance spreadsheets which are not listed in Promaster. We understand that Promaster is not up to date to include all assets.</p> <p>Please see Appendix A2 for details and results of the testing.</p> <p><i>Risk: Programmes do not include all properties that require inspection leading to the Council being unaware of the properties which are overdue for a service. Properties are missed which puts tenant safety at risk.</i></p>				
4.2	<p><b>Lift safety policy, register and KPIs</b></p> <p>We were advised by the Corporate Health and Safety Officer that there is no lift inspection and maintenance programmes and the Council does not keep any records on which properties have lifts and the type of lift. There are no KPIs on compliance requirements for lifts. The Council were unable to provide a list of lifts in operation.</p> <p>In addition, the Council does not have a policy or procedure relating to lift safety. Lift safety is referenced in Appendix 1 of the 'Management</p>	<p>The Council should:</p> <ul style="list-style-type: none"> <li>Urgently confirm the lifts in existence and whether servicing and thorough examinations are up to date.</li> <li>Develop a Lift Safety Policy which includes the responsibilities of the SLT, Management and operational Team. It should state how lifts will be monitored, serviced and maintained.</li> </ul>	Medium	<p>An interim arrangement has been put in place for lifts whilst TCW is implemented.</p> <p>This is part of wider compliance, and it is felt that the detail regarding lifts should be included in an overarching policy around compliance.</p>	<p>Complete</p> <p>6 months</p>

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>of Buildings and Equipment Health and Safety Arrangements' Policy. It only stated that Lifts should have a thorough examination six monthly by engineer surveyor (insurance company) and servicing and maintenance six monthly.</p> <p><i>Risk: Lifts are not registered, serviced, and maintained according to regulation leading to the Council being in breach of lift safety regulations.</i></p>	<p>Furthermore, it should state how compliance will be reported on.</p> <ul style="list-style-type: none"> <li>Establish a lift servicing register to be able to monitor the lift programme. We have included a template register in Appendix A4.</li> <li>Develop KPI's on compliance requirements for lifts and report these to SLT.</li> </ul>		<p>Agreed. TCW will be used.</p> <p>Agreed</p>	<p>6 months</p> <p>3 months Clive Taylor</p>
4.3	<p><b>Compliance databases</b></p> <p>We reviewed the structure of the current compliance databases provided and noted:</p> <p><b>FRAs</b></p> <p>We reviewed the FRA register and noted 15 out of the 26 buildings listed did not have full dates recorded in the 'last FRA Completed' and 'next full FRA due'. Only the month and year were recorded, not the day of the month.</p> <p><b>Asbestos</b></p> <p>The Council does not have its own asbestos programme list but uses the contractor's programme list. The contractor's list provided to the Council does not detail when the next survey is due nor whether the property contains asbestos or not.</p> <p><b>Legionella</b></p> <p>The Water Risk Assessment (WRA) Register has not been reviewed since 2020. The spreadsheet does not indicate the status of the</p>	<p>The Council should:</p> <ul style="list-style-type: none"> <li>Until TCW is implemented, update compliance spreadsheets include specific dates of assessments and due dates (DD/MM/YYYY). We have included example template registers for different compliance areas in Appendix A4. Specific dates should be used in TCW when operational;</li> <li>Hold its own asbestos register which includes which properties have identified or presumed asbestos and action to be taken as per the survey (monitor, remove etc);</li> <li>Urgently review the Water Risk Assessment Register and ensure that water related testing has been undertaken in line with the</li> </ul>	Medium	<p>The council does not accept that findings in relation to FRAs are unsatisfactory. 100% of buildings that require a FRA are complete. The TCW system will be used to record completed FRAs for future monitoring, work is underway to achieve this.</p> <p>We have now formulated an asbestos register within TCW.</p> <p>Refreshed water risk assessment register.</p>	<p>Clive Taylor</p> <p>6 months</p> <p>Complete, Gary Upton.</p> <p>Completed. Gary Upton</p>



Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>remedial actions. We have included an example of a Remedials Tracker in Appendix A4.</p> <p>We also identified 10 blocks included in the WRA Register which do not have a water taken recorded on Promaster.</p> <p><b>EICR</b></p> <p>We reviewed the “EICR – 23-24 programme cross-check – March 2023” spreadsheet and noted that it lists the properties that the Council monitors for EICR, however, it is not an EICR programme as it does not include whether the EICR is ‘satisfactory’ or ‘unsatisfactory’ and the next due date. We were advised that development of an EICR programme was underway. We have included a template of an EICR register in the Appendix A4. We understand that the implementation of TCW will address the findings raised.</p> <p><i>Risk: The Council does not identify properties next due for a risk assessment. Assessments and resulting actions are missed putting tenants at risk.</i></p>	<p>Legionella Risk Assessments; and</p> <ul style="list-style-type: none"> <li>As planned, develop an EICR register to be able to monitor results of the programme (a compliant or non-compliance EICR) and further action to be taken.</li> </ul>		<p>We are in discussions with the Legionella contractor to forward testing evidence directly to HBBC so we can manage performance, risks actions inhouse. Data will be uploaded into TCW software for compliance monitoring.</p> <p>Completed EICR now uploaded onto TCW, unsatisfactory testing will be flagged and monitored through this system. At the time of the audit, it was explained that this was in process.</p>	<p>Gary Upton, 6 months</p> <p>Complete, Gary Upton</p>
4.4	<p><b>Gas database reconciliations</b></p> <p>We reconciled a report from the gas contractor ‘PHJ Service Report Last 12 Months’, to the LGSR Programme held by the Council. We identified 88 UPRNS recorded in the contractor’s database’s report which were not present in the Council’s gas data. Management</p>	<p>Management should:</p> <ul style="list-style-type: none"> <li>Investigate the remaining 80 properties in the contractor’s servicing list to confirm they require other servicing completed by PH Jones.</li> <li>Export properties requiring gas servicing from the PH Jones</li> </ul>	Medium	<p>This was reviewed. These are non gas properties, identified by contractor.</p> <p>Since the audit we are reconciling data against the contractor.</p>	<p>Complete, Gary Upton</p> <p>Complete, Gary Upton</p>

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>investigated a sample of eight which had the following reasons for omission:</p> <ul style="list-style-type: none"> <li>• Two properties were missing as they were sold and were noted as such in the contractor's database.</li> <li>• One property was Solid Fuel Heating</li> <li>• Five properties were Electric – Air Source Heat Pump</li> </ul> <p>We were advised that gas, air source heat pump, and solid fuel are all under the same contract with PH Jones. The report from PH Jones does not differentiate in the type of service/check completed.</p> <p>We identified five properties recorded in the Council's LGSR programme but were not recorded in the contractor's database. This was because the contractors report only shows servicing in the last 12 months. We confirmed that these five properties were included within the PH Jones portal. It was identified in the audit that a report of all properties which require gas servicing can be extracted from the PH Jones portal. This is not being used by the Council to reconcile at present.</p> <p>We also reconciled the Council's gas database to the housing management system, MRI, and identified two properties not recorded in the gas programme:</p> <ul style="list-style-type: none"> <li>• 2030180500 was on the LGSR schedule but there was a wrong UPRN which since our finding it has since been rectified.</li> </ul>	<p>portal on a monthly basis and reconcile to the database held by the Council.</p> <ul style="list-style-type: none"> <li>• Complete regular reconciliations between the LGSR programme and MRI.</li> </ul>			

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<ul style="list-style-type: none"> <li>2020250450 the property was accidentally deleted from the LGSR schedule but has since been reinstated.</li> </ul> <p><i>Risk: The contractor's database is outdated and does not include all properties that require gas servicing and safety inspection. Programmes do not include all properties that require inspection leading to Hinckley and Bosworth BC being unaware of the properties which are overdue for a service.</i></p>				
4.5	<p><b>Statutory property compliance governance</b></p> <p>The Council has a Management of Buildings and Equipment Health and Safety Arrangements Policy, last reviewed in September 2022 by the Corporate Health and Safety Officer. This is the overarching policy for statutory property compliance.</p> <p>We reviewed the Policy and noted it does not outline the governance structure for managing statutory property compliance and the reporting structure including who has overall responsibility for statutory property compliance.</p> <p>There is no document which outlines the statutory property compliance responsibilities of the SLT and managers, and operational team.</p> <p>Furthermore, we noted that the overarching policy also does not state the Policy's approval requirements and the frequency of review/approval is not stated.</p>	<p>The Council should include a section on the responsibilities of the Senior Leadership Team and Management, outline who has overall responsibility for statutory property compliance and outlining the reporting structure.</p> <p>The Council should ensure that responsibility for each statutory property compliance areas is covered, and the relevant staff member is aware of the responsibilities including reporting. Furthermore, the Council should ensure information on Policy review and approval process is stated within the Policy as well as who is responsible for reviewing and approving it.</p> <p>The Council should ensure the Policy communicated to staff.</p>	Medium	Agreed. This is already recognised in relation to recently imposed legislation.	Clive Taylor 3 months

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<i>Risk: Lack of strategic approach and accountability to managing statutory property compliance resulting in inefficient practices. Furthermore, lack of consistent policy reviews and approval might result in Management following outdated practices.</i>				
4.6	<p><b>Review of policies and procedures</b></p> <p>In addition to the Management of Buildings and Equipment Health and Safety Arrangements' Policy, the following policies and procedures are in place for electrical, gas, legionella and fire safety:</p> <ul style="list-style-type: none"> <li>• Achieving 100% EICR Compliance (Repairs Department Policy)</li> <li>• Health and Safety Arrangements for Electrical Safety</li> <li>• Achieving 100% Gas LGSR Compliance (Repairs Department Policy)</li> <li>• Health and Safety Arrangements for Legionella Management</li> <li>• Prevention of legionella in void properties</li> <li>• Fire Risk Management Policy</li> <li>• Arrangements for Managing Asbestos</li> <li>• Draft Asbestos Management New Guidelines and Process</li> </ul> <p>We reviewed these documents and noted that asbestos, legionella and fire policies are organisation-wide policies, whilst the gas and electrical policies are only for the Repairs Department's use. The Asbestos Management New Guidelines and Process is currently in draft format.</p>	<p>Management should ensure that there is consistency in the information provided in each compliance-related policy and procedure. This should include approval and review processes.</p> <p>Policies and procedures should all have version control.</p>	Medium	Agreed and will put in place review processes within the statutory compliance group.	Complete. Clive Taylor. Evidenced by minutes

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<p>The organisation-wide policies are updated by the Corporate Health and Safety Officer. These contain an introduction on each compliance area, the risks and legislations, the roles and responsibilities, inspection and monitoring. The Repairs Department policies only explain specific procedures for each area but did not expand on responsibilities and duties, risks and legislations.</p> <p>We noted that review or approval requirements were not stated in any of the documents received. Furthermore, we noted that the following policies were not version controlled:</p> <ul style="list-style-type: none"> <li>• Achieving 100% Gas, LGSR Compliance Policy (Repairs Department Policy)</li> <li>• Achieving 100% EICR Compliance (Repairs Department Policy)</li> <li>• Draft Asbestos Management New Guidelines and Process</li> <li>• Prevention of legionella in void properties</li> </ul> <p>There is no timetable of when these documents should be reviewed and who is responsible for reviewing them. There is also no consistent approach on how these policies and procedures are communicated and who should be aware of them.</p> <p><i>Risk: Lack of consistency on the information provided to staff for different compliance areas and the review and approval process for policies and procedures may result in outdated practices followed. Departmental policies do not align to organisation-wide policies which</i></p>				

Ref	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	<i>may lead to a disjointed process to achieve and monitor property compliance.</i>				
4.7	<p><b>KPIs</b></p> <p>A quarterly Housing Compliance Dashboard is presented to the Senior Leadership Team.</p> <p>There are no KPIs to monitor how many remedial actions are open per priority level across the compliance programme. For instance, we noted that in the Dashboard there was a row on “Communal FRA remedial works” however no figures were given. Instead, a comment was added for each quarter stating the following: “FRA remedial works carried out as required on FRAs and Corporate H&amp;S officer updated.</p> <p>In addition, there is no KPI in relation to lifts servicing and maintenance. We have raised a separate recommendation in relation to this at 4.3.</p> <p><i>Risk: Poor Performance is not identified, analysed and remedial action taken.</i></p>	Management should ensure they report on how many remedial actions are open per priority level in the Compliance Dashboard to be able to monitor performance and report to SLT.	Medium	Agreed develop a suite of KPIs to be monitored and reported to SLT.	<p>Maddy Shellard</p> <p>To be included in quarterly report to SLT</p> <p>3 months</p>

## A1 Audit information

Audit Control Schedule	
<b>Client contacts:</b>	Madeline Shellard – Head of Housing Gary Upton - Housing Repairs Manager
<b>Internal Audit Team:</b>	Peter Cudlip: Partner Hannah Parker: Associate Director Ana Gomez-Illingworth: Internal Auditor
<b>Finish on-site / Exit meeting:</b>	31 August 2023
<b>Draft report issued:</b>	6 December 2023 Revised: 21 February 2024
<b>Management responses received:</b>	6 February 2024 Revised: 19 March 2024
<b>Final report issued:</b>	8 April 2024

## Scope and Objectives

Audit objective: To assess key controls in place in relation to Statutory Property Compliance. Our audit considered the following risks relating to the area under review:

- Lack of strategic approach to managing statutory property compliance resulting in inefficient practices;
- Roles and responsibilities for statutory property compliance, Strategic and Operational, are unclear;
- The right skills or resources are not available or are insufficient to maintain required compliance standards;
- Management are unaware of current performance in relation to statutory property compliance;
- Performance reported does not agree to underlying data;
- Poor Performance is not identified, analysed and remedial action taken;
- Performance is not appropriately reported to Senior Management and the Board in a timely fashion; and
- Action is not taken to address on-going performance issues.

The objective of our audit was to evaluate the adequacy of key controls and the extent to which controls have been applied, with a view to providing an opinion on the extent to which risks in this area are managed. In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control.

The limitations to this audit were that testing was performed on a sample basis and as a result our work does not provide absolute assurance that material error, loss or fraud does not exist.

Definitions of Assurance Levels	
Level	Description
<b>Substantial</b>	The framework of governance, risk management and control is adequate and effective.
<b>Moderate</b>	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
<b>Limited</b>	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
<b>Unsatisfactory</b>	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Definitions of Recommendations	
Priority	Description
<b>High (Fundamental)</b>	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.
<b>Medium (Significant)</b>	Weakness in governance, risk management and control that if unresolved exposes the organisation to a high level of residual risk.
<b>Low (Housekeeping)</b>	Scope for improvement in governance, risk management and control.

## Statement of Responsibility

We take responsibility to Hinckley and Bosworth Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective.

Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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## A2 Data Integrity Test Result

The results of the data integrity tests completed are included below. Ratings for the conclusions on data integrity tests are as follows:

<b>Substantial</b>	Findings indicate that on the whole, the integrity of data within core systems is strong, although some good practice enhancements may have been recommended.
<b>Moderate</b>	While the data integrity of systems has been found to be generally well controlled, issues and / or areas for improvement have been identified. Where action is in progress to address these findings and any other issues known to management, these actions will be at too early a stage to allow a 'substantial' assurance audit opinion to be given.
<b>Limited</b>	Data integrity weaknesses have been noted that require corrective action if the control framework is to be considered as operating effectively. Where such remedial action has already been identified by management, this is not currently considered to be sufficient, or sufficiently progressing to address the severity of the control weaknesses identified.
<b>Unsatisfactory</b>	Findings indicate serious weaknesses in the integrity of data which could threaten the ability to achieve its objectives; or, there is evidence that despite any corrective action already taken, key risks are crystallising within core systems. This assurance opinion may also cover the scenario where our audit work was obstructed such that we cannot conclude on the effectiveness of internal controls.

Risk	Testing undertaken	Results of testing	Conclusion
The gas programme does not include all properties that require gas servicing and safety inspection.	Obtain the gas database held by Hinckley and Bosworth BC and compare it to the gas data held: <ul style="list-style-type: none"> <li>• In the contractor's database;</li> <li>• In the asset management system;</li> <li>• The housing management system.</li> </ul>	<b>Contractor's database</b>  We reconciled a report from the gas contractor 'PHJ Service Report Last 12 Months', to the LGSR Programme held by the Council. We identified 88 UPRNS recorded in the contractor's database's report which were not present in the Council's gas data. Management investigated a sample of eight which had the followed reasons for omission: <ul style="list-style-type: none"> <li>• Two properties were missing as they were sold and were noted as such in the contractor's database.</li> <li>• One property was Solid Fuel Heating</li> <li>• Five properties were Electric – Air Source Heat Pump</li> </ul> We were advised that gas, air source heat pump, and solid fuel are all under the same contract with PH Jones. The report from PH Jones does not differentiate in the type of service/check completed. We have raised a recommendation for the Council to investigate the remaining 80 at <b>Recommendation 4.4</b> .	Limited

Risk	Testing undertaken	Results of testing	Conclusion
		<p>We identified five properties recorded in the Council's LGSR programme that were not recorded in the contractor's database as the contractor's report only shows servicing in the last 12 months. We confirmed that these five properties were included within the PH Jones portal.</p> <p>It was identified during the audit that a report of all properties which require gas servicing can be extracted from the PH Jones portal. This is not being used by the Council to reconcile at present. <b>(Recommendation 4.4)</b></p> <p><b>Asset management system (Promaster)</b></p> <p>We reconciled the 3038 properties listed with a boiler in Promaster and found:</p> <ul style="list-style-type: none"> <li>• Two buildings not recorded within Promaster (Groby Community Centre and Herford Way Community Centre) which management were unable to provide an explanation for.</li> <li>• 38 properties in the LGSR Schedule 23-24 were not included in the Promaster list. Management advised that these are either new acquisitions where the heating element is missing from Promaster or properties which HBBC manages but does not own.</li> <li>• 11 properties in Promaster which were not in the LGSR Schedule 23-24. Management advised us that Promaster has not been updated correctly and these properties are either all electric or Solid Fuel Heating. These are: 2010030020, 2010030030, 2010030060, 2040040140, 2790270282, 2930070080, 2030550030, 2710280150, 2750420090, 2810130210, 2930060310</li> </ul> <p>We have raised a recommendation <b>(4.1)</b> on the accuracy of Promaster in Section 04.</p> <p><b>Housing management system (MRI)</b></p> <p>We reconciled the Council's gas database to MRI, and identified two properties not recorded in the gas programme:</p> <ul style="list-style-type: none"> <li>• 2030180500 was on the LGSR schedule but with the wrong UPRN which was corrected by management once identified by Mazars.</li> <li>• 2020250450 the property was accidentally deleted from the LGSR schedule but has since been reinstated.</li> </ul> <p>We have raised a recommendation in relation to regularly reconciling the gas database to MRI at <b>Recommendation 4.4.</b></p>	

Risk	Testing undertaken	Results of testing	Conclusion
The Council does not identify properties next due for a service.	Review the gas data to ensure there are no anomalies that would prevent effective scheduling of gas servicing. These may include blank fields for current LGSR dates, or dates that are recorded as being in the future.	<p>We reviewed both the Plant Rooms LGSR Schedules 23-24 spreadsheet and the LGSR Schedules 2023-24. We noted that all the properties included in the schedules had a next service due date.</p> <p>The Council operate a -56 day MoT style service programme, however, MRI (the housing management system) does not currently support this approach. The original gas certificate date (to drive the MoT date) is not recorded within the spreadsheet, and we were therefore not able to confirm the accuracy of the MoT approach.</p> <p>The Council has implemented The Compliance Workbook (TCW) on 1 October 2022, which will support the MoT approach from 1 October 2023, when one full year of LGSR data has been uploaded.</p>	Moderate
Properties with gas are not included in the servicing programme	Obtain a list of properties and properties where a boiler has been fitted in the current year and compare to the gas programme.	We were provided with a list of new installs in the current year and confirmed they were listed on the gas programme.	Substantial
The Council is unaware of the properties which are overdue for a gas service.	Identify all properties within the programme which are overdue for a gas service and confirm this matches the figure within the Hinckley and Bosworth BC's systems.	Based on the LGSR Schedules 23-24 spreadsheet, there were no properties recorded as overdue at the time of the audit.	Substantial
Programmes do not include all properties that require inspection.	Undertake a reconciliation between the list of communal areas/water tanks as per the asset management or housing management systems, and records for the following programme lists: FRAs, Asbestos, Legionella	<p><b>FRAs</b></p> <p>We reconciled the list of communal areas from the asset management system, Promaster, with the FRA register. We identified:</p> <ul style="list-style-type: none"> <li>• One communal area not included in the FRA register. We were advised this was recorded with a different name; and</li> <li>• 12 communal areas listed on the FRA register which were not included in Promaster. We were advised that eight were included under a different name and four required further investigation (The Meadows Community Centre, Herford Way, Meadow Rd, Groby Community Centre).</li> </ul>	Limited

Risk	Testing undertaken	Results of testing	Conclusion
		<p>We have raised a recommendation in relation to the consistency of property recording across systems and completeness of Promaster at <b>Recommendation 4.1</b>.</p> <p><b>Asbestos</b></p> <p>In our review of asbestos data we identified that two properties in Promaster were missing the year they were built (6a Alexander Gardens and 6b Alexander Gardens). (<b>Recommendation 4.1</b>)</p> <p>The Council does not have its own asbestos programme list but uses the contractor’s programme list. We received the contractor’s survey list and reconciled this list with the properties-built pre-2000 list in Promaster and noted the following:</p> <ul style="list-style-type: none"> <li>• 63 properties in Promaster were not included in the contractor’s survey list. Management advised that these properties are no-access. We confirmed the 63 properties are referenced in the Q4 Dashboard reported to SLT. There is a risk that these properties will not be surveyed if not included on the contractor’s list.</li> <li>• Five properties in the asbestos’ surveys list did not have a UPRN. Management advised us that these properties need to “formally be added to the contract with the contractor”.</li> <li>• 42 properties were in the asbestos survey list but not in Promaster. Management advised that this could be due to a variety of reasons, for example, some flats have been made into one community room. Furthermore, the asbestos element may be missing from the asset list or Promaster has not been updated.</li> </ul> <p>We have raised a recommendation in relation to the completeness of Promaster at <b>Recommendation 4.1</b>.</p> <p><b>Legionella</b></p> <p>We were provided with three lists: blocks in Promaster with a communal water tank recorded, blocks in legionella monthly programme and blocks in the Water Risk Assessment Register.</p> <p>We reconciled these three lists and identified ten blocks in the legionella monthly programme and risk assessment programme that were not included in Promaster’s list of communal water tanks. (<b>Recommendation 4.1</b>).</p> <p>The 10 blocks are: Banky Meadow, Barlestone, Barwell Scheme, Barwell Community Centre, Gwendoline House, Herford Community Centre, Herford Way, Meadow Road Community Centre, Factory Road, The Meadows Community Centre.</p>	

Risk	Testing undertaken	Results of testing	Conclusion
<p>The Council does not identify properties next due for a risk assessment.</p>	<p>Review register data to ensure there are no anomalies that would prevent effective scheduling of risk assessing. These may include blank fields for current survey dates, or dates that are recorded as being in the future. Review the following programme lists: FRAs, Asbestos, Legionella.</p>	<p><b>Fire Risk Assessments (FRAs)</b></p> <p>We reviewed the FRA register and noted that it included the following columns: site name, last FRA completed, next full FRA due, first annual review completed, and second annual review completed. We noted that from the 26 sites recorded in the register, 15 did not have full dates in the last FRA Completed column and in the next full FRA due column. These columns only state the month and year. They also do not include UPRNs which would make it difficult to reconcile with the Council's databases, due to inconsistencies in names. <b>(Recommendation 4.1 and Recommendation 4.3)</b></p> <p><b>Asbestos</b></p> <p>The Council does not have their own asbestos programme list but uses the contractor's programme list. We noted that there is no next survey due date recorded or the property contains asbestos or not. We have raised a recommendation for the Council to maintain their own records at <b>Recommendation 4.3</b>.</p> <p><b>Legionella</b></p> <p>The Water Risk Assessment Register has not been reviewed since 2020. We reviewed the Legionella – RA Evaluation Summary spreadsheet which summarises the relevant actions needed from the Legionella Risk Assessments and who is responsible for actioning them as well as the recommended timeframe. We noted that the spreadsheet does not indicate the status of the remedial actions. The Property Compliance Officer advised us that this spreadsheet has not been reviewed since 2020. We have included an example of a Remedials Tracker in Appendix A4. <b>(Recommendation 4.3)</b></p>	<p>Limited</p>
	<p>From a list of all properties, confirm that:</p> <ul style="list-style-type: none"> <li>• Each property is included on the programme of electrical inspections.</li> <li>• Any HMOs are due to have an electrical assessment within the next five years.</li> </ul>	<p>We were provided with two spreadsheets: EICR - 23-24 Programme and Completion Monitoring and EICR Programme Cross Check - Mar 2023, however, we do not consider these to be an EICR programme as they do not include: whether the EICR is 'satisfactory' or not 'unsatisfactory' and the next due. The EICR Programme Cross Check - Mar 2023 was created as it was identified Promaster was missing some key EICR data. We carried out a reconciliation between Promaster and the Cross Check spreadsheet and noted:</p> <ul style="list-style-type: none"> <li>• 268 properties were not included in the EICR Programme Cross Check - March 2023 from Promaster. Management advised us that these will be reviewed to ensure these properties are captured and that the EICR is completed if due.</li> <li>• Three properties (UPRN: 2010340220, 2750380840, 2750381220) were not included in Promaster. Management advised that these properties were all now sold and Promaster will need to be updated.</li> </ul>	<p>Limited</p>

Risk	Testing undertaken	Results of testing	Conclusion
		<p>Furthermore, we noted that Promaster only shows the renewal year rather than the full date of renewal. EICRs are meant to be renewed every 5 years, however, of the 2612 properties listed Promaster details:</p> <ul style="list-style-type: none"> <li>• Three properties with a seven year renewal timeframe (2030340410, 2760160120, 2810110190)</li> <li>• One property with a six year renewal timeframe (2020200170).</li> </ul>	
Lift inspection programmes do not include all lifts for inspection.	Obtain the lift inspection and maintenance programmes and compare to the asset management system.	There is no lift inspection and maintenance programmes. Promaster does not show which properties have lifts. <b>(Recommendation 4.2)</b>	
Differences between the dates within the programme leads to lifts becoming overdue for service.	Review register data to ensure there are no anomalies that would prevent effective scheduling of inspections or maintenance. These may include blank fields for current survey dates, or dates that are recorded as being in the future.		Unsatisfactory

## A3 Health and Safety Reporting Scorecard

Health and Safety							
	Target	Actual	Trend		Target	Actual	Trend
<b>Fire Safety</b>				<b>Legionella</b>			
Percentage of properties with an FRA	100%	100%	➡	Percentage of properties with water facilities that have been risk assessed	100%	100%	⬇
Percentage of FRA reviews overdue	0%	0%	➡	Percentage of risk assessments overdue for review	0%	0%	➡
Number of remedial actions overdue for completion:				Number of remedial actions overdue for completion:			
Priority 1	0	0	➡	Priority 1	0	0	⬇
Priority 2	0	2	⬇	Priority 2	0	0	➡
Priority 3	0	0	➡	Priority 3	0	0	➡
				Percentage of monthly on-site check sheets overdue for submission	0%	0%	➡
<b>Gas servicing</b>				<b>Periodic electrical testing</b>			
Gas servicing compliance	100%	100%	➡	Percentage of properties not surveyed for electrical safety within last 5 years	0%	0%	➡
<b>Lift servicing</b>				<b>Portable appliance testing</b>			
Percentage of lifts with an in-date thorough inspection	100%	100%	➡	Number of properties with overdue PAT testing	0	0	➡
Number of defects identified overdue for completion	0	0	⬇				

## A4 Examples of data captured in Statutory Property Compliance programmes

### Asbestos Programme Example

AssetID	UPRN	Address	Owner	Build Date	Type	Previous Survey Date	Next Survey Date	Status	Risk
9662	F035B762	Site 1	ABC	1960	House	13/05/2020	13/05/2025	Asbestos Confirmed	Medium Risk

### FRA Programme Example

UPRN/Asset Reference	Address	Property type	Inspection type	Risk Level	Current Date	Next Due Date	Status
111111	59 Starry Avenue	Block	FRA	High	10/02/2023	10/02/2024	Compliant

### Lift Programme Example

UPRN/Asset Reference	Address	Property type	Asset type	Inspection type	Current Date	Next Due Date	Status
111111	59 Starry Avenue	Block	Passenger lift	LOLER	10/02/2023	10/08/2023	Compliant
111112	1, 59 Starry Avenue	House	Stairlift	Routine Maintenance	10/02/2023	10/05/2023	Overdue

### EICR Programme Example

UPRN/Asset Reference	Address	Property type	Inspection type	Current Date	Next Due Date	Status
111111	59 Starry Avenue	Block	EICR	10/02/2023	10/02/2028	Compliant
111112	1, 59 Starry Avenue	House	EICR	10/02/2023	10/02/2028	Compliant

### Remedials Tracker Example

UPRN	Address	Inspection Type	Date of inspection	Defect/Remedial Description	Priority	Date ordered	Target date	Owner	Contractor	Job No.	Date completed
111111	59 Starry Avenue	LOLER	10/02/2023	Call button floor 10 missing in car	Medium	11/02/2023	17/02/2023	Facilities Manager	ABC	XY001	16/02/2023
Evidence of completion		Update/Notes	Status								
Job Number: XY0001, email from contractor		Job completed	Closed								



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