

**Bolsover, Chesterfield and North East Derbyshire District  
Councils'**

**Internal Audit Consortium**

**Internal Audit Report**

<b>Authority:</b>	<b>Chesterfield Borough Council</b>
<b>Subject:</b>	<b>OSD – Property Safety Inspections</b>
<b>Date of Issue:</b>	<b>16<sup>th</sup> May 2018</b>
<b>Level of Assurance</b>	<b>Limited Assurance</b>
<b>Report Distribution:</b>	<b>Assistant Director Commercial Services Assistant Director Housing</b>



# INTERNAL AUDIT REPORT

## Housing Services Property Safety Inspections

### Introduction

A routine audit of the procedures and monitoring in place to ensure that the Council complies with property servicing regulations in respect of its residential properties has recently been carried out.

The Types of property servicing examined were:

- Gas servicing
- Solid fuel appliance servicing
- Smoke detector and carbon monoxide detector testing
- Periodic Electrical inspections

### Scope and Objectives

The scope and objectives of the audit was to examine and test the procedures operating in the following areas:

- Ensuring policies are in place detailing when safety checks are required and that these comply with legal requirements
- Confirm that adequate programmes are in place to complete required safety checks
- Procedures in place where access to the property is not initially granted
- Controls in place to ensure work is carried out to the appropriate standard
- Retention of appropriate safety records complies with policy and legislation
- Management information and reporting
- That the council and its engineers hold correct accreditations and training
- Comparison of actual expenditure to budgets
- Data security and service continuity

### Conclusion

The overall assessment of the procedures operating gave **Limited Assurance** (Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed).

It is acknowledged that the OSD are aware of the failure to complete the solid fuel and electrical inspection programmes and have implemented steps to address this. In the interim, the council would be liable should there be any significant defects with these appliances.

## Findings and Recommendations

### Introduction

1. All servicing and maintenance work on the council's residential properties are carried out by the Council's Operational Services Division (OSD). OSD are contracted to the council under a Service Level Agreement.

### Previous Audit Recommendations

2. In 2015 a routine audit of the council gas servicing procedures was undertaken, no previous audits have been completed with relation to electrical inspections or solid fuel servicing.
3. During the previous audit 4 recommendations were agreed. A review of the previous audit recommendations established the following:
  - 2 recommendations were completed
  - 1 recommendation had not been progressed
  - 1 recommendation was no longer relevant
4. It was recommended in the previous audit that periodic checks would be completed to confirm that all recharges have been correctly processed however this has not been completed and no recharges could be evidenced for Financial Year 2017/18. Estimated £31,576 (see para. 29)

<b>Recommendation</b>	
<b>R1</b>	It is essential that a review of the current situation in respect of recharges is undertaken to: <ul style="list-style-type: none"><li>• Ensure all warrants have had a recharge and are accurate</li><li>• To confirm that the process is operating effectively</li></ul> <b>(Priority: High)</b>

### Legislation, Policies & Procedures

5. The Smoke and Carbon Monoxide Alarm (England) Regulations came into force on the 1<sup>st</sup> October 2015. These regulations require the following:
  - All rented properties must have a working smoke detector on each storey of the property,
  - A carbon monoxide alarm is to be equipped in any room of a property which contains a solid fuel burning appliance
  - These devices must be checked on the day that the tenancy begins

6. A comparison of the council policies, legal requirements and best practice guidance was completed as below:

	<b>Legal Requirement</b>	<b>Best Practise</b>	<b>Council Policy</b>
<b>Gas Service</b>	Annually	Annually	Annually
<b>Solid Fuel</b>	No Specific legal Requirement	Manufacturers recommendation	Annually
<b>Chimney Sweep</b>	No Specific legal Requirement	Annually	Annually
<b>Smoke Detectors</b>	At start of new tenancy	Annually	Annually with Gas Service
<b>CO Detectors</b>	At start of new tenancy (solid fuel)	Periodically	No Policy
<b>Electrical Checks</b>	No Specific legal Requirement	At COT or Max. every 5 years	COT or 5 years

7. Where there is no specific legal requirement these appliances are still covered by the Landlord and tenant act 1985 as this states:

*“In a lease to which this section applies there is implied a covenant by the lessor:*

- (a) to keep in repair the structure and exterior of the dwelling-house (including drains, gutters and external pipes),*
- (b) to keep in repair and proper working order the installations in the dwelling-house for the supply of water, gas and electricity and for sanitation (including basins, sinks, baths and sanitary conveniences, but not other fixtures, fittings and appliances for making use of the supply of water, gas or electricity), and*
- (c) to keep in repair and proper working order the installations in the dwelling-house for space heating and heating water”*

8. A review of the solid fuel servicing policy established that it has not been updated since the smoke and carbon monoxide alarm (England) regulations 2015 were introduced, this should be updated to include the testing of the carbon monoxide detectors.

9. It was established that the electrical installation policy states that “periodic” inspections will be completed however no specific time period is included.

<b>Recommendation</b>	
<b>R2</b>	It would prudent to review the council policies to ensure that they are up to date and that they include details of the Smoke and Carbon Monoxide Alarm Regulations 2015. <b>(Priority: Medium)</b>

## Inspection Programmes

10. All council property information is recorded on the Keystone asset management system, including the following:

- Type, make and model of heating appliances (Gas, Solid fuel and electrical)
- Details of wiring and electrical installations
- Property plans, photos and EPCs
- Details of Gas service visits
- Details of Electrical Surveys

This system is used to identify when properties required servicing

### **Gas Servicing**

11. Gas Services are required to be completed prior to the 1 year anniversary of the previous service. The current programme is that a service appointment is made 10 months after the previous service this allows time to access all properties (even if a warrant is required).

12. The Keystone system is used for the gas database so that scheduling and details of appointments are completed using the keystone program.

### **Solid Fuel Servicing**

13. Solid Fuel Services are conducted annually in line with most manufacture recommendations (agreeing with the HETAS best practice guide). They are usually completed in the summer months when convenient for the tenant.

14. A list of properties requiring solid fuel services is taken from the keystone system each year, this is used to arrange work orders on the Northgate system for solid fuel services.

15. During the audit it was established that where tenants request permission to install solid fuel appliances this is denied (apart from 1 instance (57 Keswick Drive) prior to a formal decision on this subject). Where tenants have had solid fuel appliances installed without the councils permission the tenants are being asked to remove the appliances otherwise further legal action will take place.

### **Electrical Inspections**

16. Best practice guidance from the institution of engineering and technology (IET) recommends a maximum period of 5 years between electrical inspections. The council electrical inspections only started in 2017 when a plan was created to complete all council property electrical inspections over a 5 year period. These would then be complete periodically.

17. A standalone database was created from the Keystone system to record electrical rewires and electrical inspections.

## Testing

18. When council properties are obtained or sold by the council the gas servicing officer and electrical surveyor receive details of the stock movement from the asset management department.
- From a review of the gas database the following was evidenced:
    - 1 property (17 Byron Road) was bought by the council in May 2017 and has not been updated on gas database, despite a gas service being conducted on 27<sup>th</sup> February 2017.
    - 1 property (168 Kirkstone Road) was updated on the gas database as sold. This was done inadvertently (166 Kirkstone road had been sold instead). This property was last serviced in April 2015.
  - From a review of the electrical Inspection database it was evidenced that 1 property (17 Byron Road) was incorrectly recorded in the database. The correct details were passed on to the electrical surveyor
  - No issues were identified with the list of solid fuel properties as these were extracted directly from the Keystone system when required.

The relevant engineers were informed of these omissions and the database has been amended with gas services now arranged.

Recommendations	
<b>R3</b>	It would be prudent to create a solid fuel service and electrical inspection service option on the keystone asset management system to enable it to be used for these services (similar to gas). These options should be reconciled annually (including gas, see para. 18) <b>(Priority: Medium)</b>

19. Testing was completed on 30 properties owned by the council (25 gas, 5 solid fuel all 30 properties were tested for electrical inspections).
20. This sample was selected as follows:
- 10 New Tenancies
  - 10 Existing Tenancies
  - 5 properties recently returned to council stock
  - The 5 solid fuel properties were existing tenancies as when these become void these are upgraded to gas.
21. From a sample of 25 properties with gas the following was established:
- 3 properties had no record of smoke detector checks on routine gas services
  - 2 properties had no record on smoke detector checks completed on COT inspections. This is a legal requirement under the Smoke and carbon monoxide alarm regulations 2015
  - 25 Properties (100%) had no record of CO detector checks.
22. From a sample of 5 Solid Fuel Properties:
- 3 properties (60%) had not been serviced in the last 12 months nor had the chimney's been swept
  - No records of smoke detectors or CO detector checks were retained on the solid fuel service records

23. From a sample of 30 electrical Properties

- 20 properties (66%) not been inspected in the past 5 years however a plan has been created in 2017 (See Para. 17)
- 3 properties (10%) had records of inspection on the database but no documentation retained. These inspections occurred prior to the new electrical inspection programme. All inspections reviewed since the new programme started were found to have correct documentation retained.

<b>Recommendation</b>	
<b>R4</b>	It should be ensured that smoke detector testing is recorded for all properties (including properties with storage heaters) and included on the solid fuel service sheet to ensure compliance with the smoke and carbon monoxide alarm regulations 2015. <b>(Priority: Medium)</b>
<b>R5</b>	An instruction should be distributed to ensure that the smoke detector checks are adequately documented on the gas/electrical service sheet on all inspections to ensure compliance with the smoke and carbon monoxide alarm regulations 2015. <b>(Priority: Medium)</b>
<b>R6</b>	Consideration should given to including CO detector testing on the solid fuel service sheet and gas service sheets to ensure compliance with the smoke and carbon monoxide alarm regulations 2015. <b>(Priority: Medium)</b>

24. A report compiled from the keystone system shows 14 properties that have no smoke detectors installed however work orders were created on the Northgate system to service smoke detectors on the property. It was not possible to ascertain or confirm that all properties have a smoke detector on each storey. This is a legal requirement under the smoke and carbon monoxide alarm regulations 2015.

25. A report compiled from the keystone system shows 18 council house (with solid fuel heating appliance) had no carbon monoxide detector. It is a legal requirement to have CO detectors in the same room as a solid fuel appliance in accordance with the smoke and carbon monoxide alarm regulations 2015.

<b>Recommendation</b>	
<b>R7</b>	It is essential that details of CO detectors and Smoke alarms are adequately recorded within the keystone system and that the detectors in the correct location and are tested to comply with the Smoke and carbon monoxide alarm regulations 2015 this should include properties with no gas or solid fuel. <b>(Priority: High)</b>

26. Further interrogation of the Gas Servicing revealed that 115 council properties (out of 8,889 on the gas service programme) were recorded as serviced outside of the 12 month time requirement. A sample of 21 properties identified that 4 out 21 (19%) of these properties were actually completed on time and were recorded incorrectly. From the remaining 111 properties the following was evidenced:-

Days overdue Summary		
< 1 week	68	61.2%
1 < 2 Weeks	27	24.3%
2 < 3 Weeks	16	14.4%
3+ Weeks	0	0.0%
	111	100.0%

It is acknowledged that the majority of these were during a period when the enforcement officer was off ill which impacted on procedures.

27. A review of the completed inspections was completed for 2017/18, the following was evidenced.

	Gas Service	Electrical		Solid Fuel	
		COT	Periodic	Service/update	Chimney Sweep
Target	9056	307	1212	112	112
Actual	9929	291	564	21 / 9	41
% Actual	110%	95%	47%	27%	37%

**Gas Services** – Due to the 10 month cycle on council property gas servicing this is always over achieved.

**Electrical** – the Periodic electrical testing started in April 2017 however due to it being a new programme this was not completed. It was established that an external contractor (PK group) are to complete the remaining 2017/18 inspections so that the OSD engineers can focus on the current years inspections. (This is based on best practice and not a legal requirement)

**Solid Fuel** – It was identified by the senior technical officer that the current solid fuel engineers are not properly qualified to complete the solid fuel services and due to the lack of chimney sweeping services from the contractor the solid fuel programme could not be completed in the yearly timeframe, 5 OSD employees are undertaking solid fuel appliance training. Solid fuel services are due to be completed in 2018/19. Only 27% of solid fuel properties have been serviced in 2017/18 this is not in compliance with the council's policy.

The chimney sweep programme was not fully completed due to the contractor failing to provide the required service these are due to be completed in 2018/19

Recommendation	
<b>R8</b>	It should be ensured that all 2017/18 electrical inspections, solid fuel inspections and chimney sweeps are completed and that the future planned inspections are kept up to date. <b>(Priority: Low)</b>

## Access to Properties

28. Where access to properties is not gained through the tenant a series of letters is sent to the tenant, the enforcement officer is then required to attend court to obtain a warrant, this warrant is then executed to gain access to the property to complete the service or cap the gas off.
29. A review of tenant recharges established that these are not currently being completed. The council has paid £31,576 to access 281 properties via warrants in 2017/18 (**see R1**)

## Quality Control

30. Each gas engineer has their work inspected at least once per month. This ensures that the work being completed meets the required standard.
31. Electrical and solid fuel services are inspected at the same rate in comparison to responsive repairs work as issued through the northgate system.
32. Where the required standard is not met a further job gets recorded to correct the below standard work. The issue also gets noted on the gas supervisors records so that any training or personnel issues can be adequately identified
33. During the audit it was established that Customer satisfaction surveys are no longer sent out to customers for gas, electrical or solid fuel servicing.

<b>Recommendation</b>	
<b>R9</b>	Consideration should given to reintroducing customer satisfaction surveys to ensure quality of service <b>(Priority: Low)</b>

## Certifications and Documentation

34. It was established that all copies of gas service sheets (CP12s) were signed by the tenant and the tenants copy of the CP12 was left with the tenant
35. Where electrical and solid fuel inspections are completed there is no requirement for them to be signed by the tenant or left on the property.
36. All of the councils gas records are stored on the Keystone system as a digital copy, these are retained for a minimum of 2 years
37. Solid fuel documentation is retained in a folder in the OSD office and achieved on a yearly basis. There is no requirement for the tenant to keep a copy.
38. Electrical inspection documentation since the start of the new inspection programme are retained within the electrical inspection database.

## Monitoring and Reporting

39. The councils and gas safe's KPI for completing gas services is that all properties have a valid certificate at 31<sup>st</sup> march each year. A review of the 2017/18 service established that 100% of council properties that were recorded on the gas database did have valid gas service certificates.
40. Each year OSD communicate this KPI to the policy and communication department for monitoring. It was evidenced that no evidence is required when these are reported
41. There are no monitoring or KPIs relating to the solid fuel service or the electrical installations

<b>Recommendation</b>	
<b>R10</b>	It would be prudent to produce annual performance figures with regard to each type of service being completed and that these are adequately reported to CBC with relevant evidence. <b>(Priority: Low)</b>

## Accreditations and training

42. The council currently hold the following accreditations:
- ELECSA / ECA
  - Gas Safe
- Each Employee within the council is required to keep up to date with their training otherwise they would not be covered by the council's accreditation
43. A review of the employees training records established the following:
- No record of electrical training was available
  - No record of solid fuel training was available
  - The record of gas training was up to date
44. After a conversation with the senior technical officer it was identified that no employees within the council were adequately trained to complete solid fuel services. 5 gas engineers have been enrolled on the HETAS training course for solid fuel appliances. Once they have qualified they will be inspected by HETAS with the aim to being HETAS certified.

<b>Recommendation</b>	
<b>R11</b>	It should be ensured that all required solid fuel training is completed, that the HETAS certification is achieved and that adequate training records are created and kept up to date for solid fuel <b>(Priority: Medium)</b>

## Budgetary Control

45. Budgets for property compliance inspections are included in the responsive repairs budget as detailed below:

<b>Account name</b>	<b>Actual 17/18</b>	<b>Budget 17/18</b>	<b>Variance</b>
Gas heating / servicing	1,151,006.52	1,130,000.00	21,006.52
Solid Fuel heating – servicing	11,609.24	35,000.00	(23,390.76)
Electrical Testing	81,711.22	322,000.00	(240,288.78)

46. Due to the 10 month cycle in gas servicing more has been spent on gas servicing than was originally budgeted.

47. As the solid fuel service programme was not completed on all of the properties due to training issues, this has caused a large underspend in comparison to the budget.

48. The electrical testing had not been completed as planned within the year due to this there was a large under spend in comparison to the budget.

## Data Security and Service Continuity

49. It was confirmed that the Keystone system is backed up on a daily basis. If there were any major system errors this could be brought back online.

50. The electrical inspection database is backed up on a daily basis with the user files on the network.

51. It was identified that there are no further contingency plans within the departments

52. A review of the user list for the keystone system was completed, it was established that all users are currently working for CBC.

## Acknowledgement

The Auditor would like to thank Officers on the gas safety, electrical and solid fuel servicing areas for their assistance and patience during this audit.

## Appendix 1

### Internal Audit Consortium Opinion Definitions

<b>Assurance Level</b>	<b>Definition</b>
<b>Substantial Assurance</b>	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
<b>Reasonable Assurance</b>	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
<b>Limited Assurance</b>	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
<b>Inadequate Assurance</b>	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

### Internal Audit Report – Implementation Schedule

<b>Report Title:</b>	Property Safety Inspections	<b>Report Date:</b>	16 <sup>th</sup> May 2018
		<b>Response Due By Date:</b>	6th June 2018

	Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussio n Required	Comments
				Officer	Date			
<b>R1</b>	<p>It is essential that a review of the current situation in respect of recharges is undertaken to:</p> <ul style="list-style-type: none"> <li>• Ensure all warrants have had a recharge and are accurate</li> <li>• To confirm that the process is operating effectively</li> </ul>	<b>High</b>	<b>Agreed</b>	<b>D Poole</b>	<b>August 18</b>			The recharge process does not impact on the Council’s duty as Landlord to undertake regulatory safety inspections. The recharge process should be carried out in accordance with operating policies and procedures. The recharges for 2017/18 are being processed. An internal investigation is taking place with regards to this matter.
<b>R2</b>	<p>It would prudent to review the council policies to ensure that they are up to date and that they include details of the Smoke and Carbon Monoxide Alarm Regulations 2015</p>	<b>Medium</b>	<b>Agreed</b>	<b>D Poole</b>	<b>September 18</b>			Operating processes and practices are compliant with the Smoke and Carbon Monoxide Alarm Regulations 2015. The Policy itself will be updated.

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussio n Required	Comments
				Officer	Date			
<b>R3</b>	It would be prudent to create a solid fuel service and electrical inspection service option on the keystone asset management system to enable it to be used for these services (similar to gas). These options should be reconciled annually (including gas, see para. 18)	<b>Medium</b>	<b>Agreed</b>	<b>Peter Bartle / Dave Poole</b>	<b>30/9/18</b>			Options for implementing this have been considered and as a result we will add both a solid fuel service and an electrical inspection service (five yearly) option onto the Keystone Asset Management System, under the Equipment tab. This will enable the Housing Asset Management Team to set a programme of work within Keystone which will be issued to the contractor (Commercial Services). This alteration to Keystone can be done in house and will enable an annual reconciliation. Both Commercial Services and Housing Asset Management will review and update the process when inspection certificates from Commercial Services are received and in addition to the post inspection they (CS) undertake, Asset Management will also undertake a 10% sample

Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussio n Required	Comments
			Officer	Date			
							post inspection.
<b>R4</b> It should be ensured that smoke detector testing is recorded for all properties (including properties with storage heaters) and included on the solid fuel service sheet to ensure compliance with the smoke and carbon monoxide alarm regulations 2015.	<b>Medium</b>	<b>Agreed</b>	<b>DP</b>	<b>May 18</b>		I asked for this recommendation to be incorporated in one recommendation.	An approach to this had been agreed prior to the Audit and was in the process of being implemented.
<b>R5</b> An instruction should be distributed to ensure that the smoke detector checks are adequately documented on the gas/electrical service sheet on all inspections to ensure compliance with the smoke and carbon monoxide	<b>Medium</b>	<b>Agreed</b>				I asked for this recommendation to be incorporated in one recommendation.	This is a legal requirement at change of tenancy only. Smoke detectors for all other properties are carried out as part of the electrical inspection process. The recording of the check needs to be applied consistently in the service.

Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussio n Required	Comments
			Officer	Date			
alarm regulations 2015.							
<b>R6</b> Consideration should given to including CO detector testing on the solid fuel service sheet and gas service sheets to ensure compliance with the smoke and carbon monoxide alarm regulations 2015.	<b>Medium</b>	<b>Agreed</b>					Carbon monoxide alarms and smoke detectors are tested as a part of the Annual Solid Fuel check. Paperwork will be updated.
<b>R7</b> It is essential that details of CO detectors and Smoke alarms are adequately recorded within the keystone system and that the detectors in the correct location and are tested to comply with the Smoke and carbon monoxide alarm regulations 2015.	<b>High</b>	<b>Agreed</b>	<b>Peter Bartle / Dave Poole</b>	<b>30/8/18</b>			CO and smoke detectors are checked annually as part of the gas / solid fuel service, it appears that not all checks have been recorded on the CP12 certificates. It is not currently a requirement in accordance with the ACOP, however CBC have been doing this as best practice. Following discussion and agreement with Commercial Services amendments will now be made to the CP12 form for future services to record the number /

Recommendations	Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussio n Required	Comments
			Officer	Date			
							location / satisfactory functioning / renewal date of smoke and CO detectors in each property. Housing Asset Management will then continue to record the renewal data on Keystone. A copy of the amended certificate is attached.
<b>R8</b>	It should be ensured that all 2017/18 electrical inspections, solid fuel inspections and chimney sweeps are completed and that the future planned inspections are kept up to date.	<b>Low</b>	<b>Agreed</b>	<b>DP</b>	<b>September 18</b>		An approach to this had been agreed prior to the Audit.
<b>R9</b>	Consideration should given to reintroducing customer satisfaction surveys to ensure quality of service	<b>Low</b>	<b>Agreed</b>	<b>DP</b>	<b>July 2018</b>		

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussio n Required	Comments
				Officer	Date			
<b>R10</b>	It would be prudent to produce annual performance figures with regard to each type of service being completed and that these are adequately reported to CBC with relevant evidence.	<b>Low</b>	<b>Agreed</b>	<b>DP</b>	<b>September 2018</b>			
<b>R11</b>	It should be ensured that all required solid fuel training is completed, that the HETAS certification is achieved and that adequate training records are created and kept up to date for solid fuel	<b>Medium</b>	<b>Disagree</b>					The work is currently subcontracted to a HETAS qualified organisation. Training records are up to date.

Please tick the appropriate response (✓) and give comments for all recommendations not agreed.

Signed Head of Service:	M BRYMER	Date:	6 July 2018
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