Directorate of Education & Corporate Services

Cyfadran Gwasanaethau Corfforaethol ac Addysg

Internal Audit Services

Gwasanaethau Archwiliad Mewnol

Final Internal Audit Report

WHQS Validation Progress 2018/19

Date issued:	30th November 2018
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Acknowledgements

Thanks are extended to all staff concerned for their co-operation and assistance during the course of the audit.

This audit and associated report was conducted in conformance with the requirements of the Public Sector Internal Audit Standards.

1. Executive Summary

The Chief Housing Officer requested that an audit review of Welsh Housing Quality Standard (WHQS) Data Validation Processes within the Housing (Caerphilly Homes) Division of the Social Services and Housing Directorate be undertaken in order to support and inform the Housing Service in relation to the accuracy of information held in the various systems in use. This took place during August to October (inclusive) 2018.

The audit Scope was agreed with the Chief Housing Officer and is attached as Appendix 6.2.

The objectives of the review are to provide assurance that:
- The systems and processes in place are achieving the Authority's objectives.
- The reliability and integrity of financial information is in accordance with both the Authority's Financial Regulations and any other appropriate policies.
- All operations, procedures and controls in place are effective.
- The Authority's assets are safeguarded.
- Internal procedures, policies and any statutory requirements are complied with.

This audit concentrated solely on the adequacy and accuracy of records (as per data supplied on 8th and 31st August 2018) supporting the status / categorisation of works undertaken at properties as part of the WHQS Programme; this data is used for the production of various reports including those relating to Key Performance Indicators by Caerphilly Homes. The audit did not cover the day-to-day operational processes of Caerphilly Homes or the progress in the delivery of the main WHQS Programme, and reports on exceptions only. It should be noted that all checks undertaken were done on a random sample basis only, some of which related to historical data. It should also be noted that both during and subsequent to the audit new validation processes were / have been evolved and introduced by officers, resulting in data cleansing / correction which would address the majority of issues highlighted in this Report.

2. Control Risk Areas

Specific System / Service area risks and controls in place under review are shown in the table below.

Control Risk area	Control / Risk Outcomes (Compliance Testing)
<u>**Control Risk 1**</u>: Ensuring the accuracy of Internal Works Acceptable Fails Data across all sources but principally the Control Spreadsheet and Keystone.	Control Objective **partially met** (see Points Noted 5.1.1 and 5.1.2).
<u>**Control Risk 2:**</u> Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.	Control Objective **partially met** (see Points Noted 5.2.1 to 5.2.8).
<u>**Control Risk 3:**</u> Verifying the correct categorisation of Acceptable Fails in terms of the Main Fail Reasons.	Control Objective **partially met** (see Point Noted 5.3.1).
<u>**Control Risk 4:**</u> Ensuring the existence of records to evidence / support the Categorisation of WHQS External Works Elements as Acceptable Fails.	Control Objective **partially met** (see Point Noted 5.4.1).
<u>**Control Risk 5:**</u> Verifying the status of ongoing External Works as shown on Keystone.	Control Objective **met in full** (see Point Noted 5.5.1).
<u>**Control Risk 6:**</u> Ensuring the accuracy of End of Tenancy related Works as shown on Keystone.	Control Objective **partially met** (see Points Noted 5.6.1 to 5.6.3).
<u>**Control Risk 7**</u>: Ensuring the accuracy of Control Spreadsheet Data	Control Objective **partially met** (see Point Noted 5.7.1).
<u>**Control Risk 8:**</u> Ensuring the adequacy and reasonableness of Compliance Procedures	Control Objective **partially met** (see Points Noted 5.8.1 and 5.8.2).
<u>**Control Risk 9:**</u> Ensuring the existence and retention of adequate documentation.	Control Objective **partially met** (see Point Noted 5.9.1).

No of Audit Points Noted:

Total   19   High risk   0   Medium risk   18   Merits Attention   0   For Information 1

NB: Any significant issues identified during the course of the audit which were not included in the original scope have been included in the report for completeness.

3. Conclusion

Overall, the conclusion from the work undertaken is that the control procedures which were in place were:-

In need of improvement - based on the results of the audit work undertaken it is considered that the control framework that was in place was in need of improvement. In May 2018 however, new procedures were introduced which are well documented and set out the processes for relevant staff to follow. These address the control issues going forward, but procedures now need to be developed to address historical issues identified by the audit. In addition staff resources, in the form of a dedicated team of Officers supported by the Housing Technical Manager and Housing Group Accountant, have been made available to evolve and introduce new validation processes to address the main subject of this audit.

Compliance with the controls are considered to be:-

In need of improvement - based on the results of the audit work undertaken it is considered that the control framework that was in place was in need of improvement. In May 2018 however, new procedures were introduced which are well documented and set out the processes for relevant staff to follow. These address the control issues going forward, but procedures now need to be developed to address historical issues identified by the audit. In addition staff resources, in the form of a dedicated team of Officers supported by the Housing Technical Manager and Housing Group Accountant, have been made available to evolve and introduce new validation processes to address the main subject of this audit.

Due to the levels of Conclusions above Chief Housing Officer will be invited to the next audit committee.

The criteria used for the opinions generated from Audit Reports was approved by the Audit Committee in October 2018 and are attached as Appendix 6.1 for information.

4. Audit Assurance Statement

Overall assurance is taken from an evaluation of the findings and audit opinion, taking into account the individual risk assessment of the system or process and its materiality or impact.

The assurance for the audit review of Welsh Housing Quality Standard (WHQS) Data Validation Processes within the Housing (Caerphilly Homes) Division of the Social Services and Housing Directorate **is felt to be:**

Partial

Whilst the audit has identified areas for improvement, this relates to the accuracy of data gathering / recording only and therefore comments contained in this Report do not relate to or reflect on the delivery of the WHQS Programme specifically. It was apparent during the audit that in addition to the validation processes already introduced earlier in the year new processes were constantly being evolved and introduced by a dedicated team of Officers supported by the Housing Technical Manager and Housing Group Accountant. These processes will be in place for the remainder of the WHQS Programme and will facilitate the development of the post WHQS Programme Planned Maintenance works.

In a number of instances recommended actions have already been implemented and resultant improvements achieved; these are detailed / reflected in the body of the Report.

5. Detailed Findings / Points noted

5.1   Control Risk 1 - Ensuring the accuracy of Internal Works Acceptable Fails Data across all sources but principally the Control Spreadsheet and Keystone.

Acceptable Fails (Internal Works) - Comparison of Control Spreadsheet Data to Keystone Records (for a sample of properties)

5.1.1 Point Noted	Implications	Recommendations	Rating
Of a sample of 26 properties checked all were shown as complete on both the Control Spreadsheet and Keystone other than Property A (details supplied to Service area), for which Internal Works were not shown as completed on Keystone.	1) An apparent discrepancy between the 2 sets of data resulting in an inability to categorically validate the accuracy of said data. 2) As this check is based on a sample of properties it is not known how representative this result is. 3) Errors may exist in historical data, which may adversely affect the data and related Key Performance Indicators.	1) Senior Officers review the instance highlighted in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, to both correct any invalid data and address the reasons for the variations. 2) Senior Officers consider some further or more extensive checking to establish the extent of this issue, particularly with regard to historical data.	MR
Management Comments	**Proposed Actions / Person responsible / Date**	**Action Plan review (to be completed by Internal Audit)**	
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. As part of the new validation processes Control Spreadsheet and Keystone data is being compared and verified to identify any discrepancies.	Any discrepancies in data highlighted will be investigated and corrected in order to accurately reflect the true situation. P. S (Housing Technical Manager) - by December 2019. This will be undertaken as part of our overall managerial tasks.	Achieved (Y/N) Action taken Further Action Required?	

5.1   Control Risk 1 - Ensuring the accuracy of Internal Works Acceptable Fails Data across all sources but principally the Control Spreadsheet and Keystone.

Acceptable Fails (Internal Works) - Comparison of Control Spreadsheet Data to Keystone Records (for a sample of properties)

5.1.2 Point Noted	Implications	Recommendations	Rating
There were variations in the data held on the Control Spreadsheet and Keystone for the categorisation of the four work elements making up Internal Works; of the 26 properties checked variations were noted for 4 (15%) comprising 7 elements. These related to elements shown as Acceptable Fails on the Control Spreadsheet being shown differently on Keystone e.g. Part Works / Full Works / Achieved Previously. Details are shown in Appendix 6.3.(Supplied to Service Area but redacted for Audit Committee) Note: The WHQS Guidance requires that work required to convert an Acceptable Fail to a Pass must be undertaken prior to relet of a property with Landlords recording such instances so that future works can be appropriately planned and budgeted for. This situation is complicated in cases of Physical Constraint / Cost and Timing of Remedy.	1) An apparent discrepancy between the 2 sets of data resulting in an inability to categorically validate the accuracy of said data. 2) There may be inconsistencies between the classification of historical works in different records and this may impact on Key Performance Indicators. 3) Any failure to accurately record the correct situation could lead to future problems with the programming / time tabling / costing (and accuracy thereof) of future work commitments. 4) As this check is based on a sample of properties it is not known how representative this result is.	1) Senior Officers review the instances highlighted in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, to both correct any invalid data and address the reasons for the variations. 2) Senior Officers consider some further or more extensive checking to establish the extent of this issue, particularly with regard to consistency of classification criteria in relation to historical works. 3) Senior Officers consider whether a specific full scale Acceptable Fail verification exercise should be undertaken, including, if necessary, individual property visits.	MR

Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. The above may occur in instances where tenants originally refused to have work undertaken resulting in the Acceptable Fail categorising, but may have changed their mind when the contract commenced in their area. Whilst this identifies an issue with categorisation, it does not impact on the overall compliance that is being reported for the programme. As part of the new validation processes Control Spreadsheet and Keystone data is being compared and verified to identify any discrepancies.	Any discrepancies in data highlighted will be investigated and corrected in order to accurately reflect the true situation. P. S. (Housing Technical Manager) - by December 2019. This will be undertaken as part of our overall managerial tasks	Achieved (Y/N) Action taken Further Action Required?

5.2   Control Risk 2 - Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.

Tenants have a choice about the improvement works proposed for their homes; if they decide that they do not want works undertaken this will be accepted (unless there are health and safety issues). Such refusals are recorded as Acceptable Fails (due to) Tenants Choice. Also where improvement works are not physically possible (as opposed to refused by Tenants) due to issues such as the age or layout of a property these will also be recorded as Acceptable Fails (but due to) Physical Constraint.

Acceptable Fails (Internal Works) – Supporting Documentation (1)

5.2.1 Point Noted	Implications	Recommendations	Rating
There was a lack of documentation i.e. WHQS Tenant Opt Out Forms, to support the categorisation of the work elements as Acceptable Fails; of 24 properties checked Forms were not seen for 3 (12%). As part of this check requests were made to the relevant WHQS Implementation Managers for copies of any relevant documentation (refer also Points Noted 5.2.3 and 5.8.1 below). Note: the 2 other properties checked would not have needed Forms if the Keystone data is taken as correct. Note: The WHQS Guidance requires that work required to convert an Acceptable Fail to a Pass must be undertaken prior to relet of a property with Landlords recording such instances so that future works can be appropriately planned and budgeted for.	1) An inability to categorically validate the accuracy of said data. 2) An inability to evidence the basis and validity of Acceptable Fails. 3) Any failure to accurately record the correct situation could lead to potential challenges by existing / future Tenants in terms of levels of works completed / required. 4) As this check is based on a sample of properties it is not known how representative this result is. 5) This may suggest the current forms and controls are not meeting the aims of the Project.	1) Senior Officers review the 3 instances highlighted where no Forms were seen in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, both to correct any invalid data and address the apparent lack of Forms. 2) Senior Officers consider some further or more extensive checking to establish the extent of this issue. Refer also Point Noted 5.2.3 below.	MR

Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. The Tenant Opt Out Form is only used to record a tenant's refusal to have certain internal works undertaken. Other Acceptable Fails such as physical constraint, timing / cost of remedy would not require the Opt Out Form to be completed.	Following these findings the Opt Out Form will be reviewed and amended to record all work undertaken whilst also including Acceptable Fails together with reasons. New processes will address these issues going forward. P. S. (Housing Technical Manager) - by 31st March 2019.	Achieved (Y/N) Action taken Further Action Required?

5.2   Control Risk 2 - Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.

Tenants have a choice about the improvement works proposed for their homes; if they decide that they do not want works undertaken this will be accepted (unless there are health and safety issues). Such refusals are recorded as Acceptable Fails (due to) Tenants Choice. Also where improvement works are not physically possible (as opposed to refused by Tenants) due to issues such as the age or layout of a property these will also be recorded as Acceptable Fails (but due to) Physical Constraint.

Acceptable Fails (Internal Works) – Supporting Documentation (2)

5.2.2 Point Noted	Implications	Recommendations	Rating
There were variations between Tenant Opt Out Form details and the data held on the Control Spreadsheet and Keystone; of the 21 Forms seen the details on 11 (52%) did not match the data held on the Control Spreadsheet and Keystone (in all 11 instances the data held on the Control Spreadsheet and Keystone matched). Note: The WHQS Guidance requires that work required to convert an Acceptable Fail to a Pass must be undertaken prior to relet of a property with Landlords recording such instances so that future works can be appropriately planned and budgeted for.	1) An inability to categorically validate the accuracy of said data. 2) An inability to evidence the basis and validity of Acceptable Fails. 3) Any failure to accurately record the correct situation could lead to potential challenges by existing / future Tenants in terms of levels of works completed / required. 4) As this check is based on a sample of properties it is not known how representative this result is. 5) This may suggest the validation exercise is not meeting the aims of the Project and may need to be extended to include a check of the Opt Out forms at property completion stage.	1) Senior Officers review the 11 instances highlighted in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, to both correct any invalid data and address the reasons for the variations. 2) Senior Officers consider some further or more extensive checking to establish the extent of this issue. Refer also Point Noted 5.2.3 below.	MR
Management Comments	**Proposed Actions / Person responsible / Date**	**Action Plan review (to be completed by Internal Audit)**	
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme.	Further investigations be undertaken to establish the reasons for the Opt Out Forms not matching data within our systems and records amended based on the findings. New processes will address these issues going forward.	Achieved (Y/N) Action taken Further Action Required?	

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Following the completion of the Opt Out Form the tenant can change their mind and request to have the work undertaken. As the information on the Control Spreadsheet and Keystone matches, this is likely to be the case in the instances provided.	P. S. (Housing Technical Manager) - by 31st December 2019.	

5.2 **Control Risk 2 - Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.**

Tenants have a choice about the improvement works proposed for their homes; if they decide that they do not want works undertaken this will be accepted (unless there are health and safety issues). Such refusals are recorded as Acceptable Fails (due to) Tenants Choice. Also where improvement works are not physically possible (as opposed to refused by Tenants) due to issues such as the age or layout of a property these will also be recorded as Acceptable Fails (but due to) Physical Constraint.

Acceptable Fails (Internal Works) – Supporting Documentation (3)

5.2.3 Point Noted	Implications	Recommendations	Rating
Further to point Noted 5.2.1 above for 7 properties documents other than Opt Out Forms were seen, namely WHQS Works Sign Off Sheets (3) or WHQS Internal Works Surveys (4). For 5 of the properties, these documents were in addition to Opt Out Forms. For 2 of the 3 WHQS Work Sign Off Sheets the details shown for Works Undertaken <u>do not match</u> the data held on the Control Spreadsheet and Keystone (the third relates to Point Noted 5.2.1 above where no Opt Out Form would be needed if the Keystone data is taken as correct). For the 4 WHQS Internal Works Surveys the details shown match the data held on the Control Spreadsheet and Keystone.	1) An inability to categorically validate the accuracy of said data. 2) An inability to evidence the basis and validity of Acceptable Fails. 3) Any failure to accurately record the correct situation could lead to potential challenges by existing / future Tenants in terms of levels of works completed / required. 4) Inconsistency in the levels of document retention. 5) A lack of standardisation in document retention.	1) Senior Officers review the instances highlighted in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, to correct any invalid data, address the reasons for the variations and clarify document retention policies. 2) Senior Officers consider some further or more extensive checking to establish the extent of this issue. Refer also point Noted 5.8.1 below.	MR
Management Comments	**Proposed Actions / Person responsible / Date**	**Action Plan review (to be completed by Internal Audit)**	
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review	The Opt Out Form and Sign Off Sheet will be reviewed to establish if the required data can all be held on one form which can then be checked at property completion stage. Staff	Achieved (Y/N) Action taken	

and amend processes to ensure the accuracy of data before the end of the programmes. It is possible that the two properties referred to above became void after the WHQS work and more work was undertaken at that time, which the previous tenant may have refused.	training will be provided to ensure consistency. P. S. (Housing Technical Manager) - by 31st March 2019.	Further Action Required?

5.2   Control Risk 2 - Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.

Tenants have a choice about the improvement works proposed for their homes; if they decide that they do not want works undertaken this will be accepted (unless there are health and safety issues). Such refusals are recorded as Acceptable Fails (due to) Tenants Choice. Also where improvement works are not physically possible (as opposed to refused by Tenants) due to issues such as the age or layout of a property these will also be recorded as Acceptable Fails (but due to) Physical Constraint.

Acceptable Fails (Internal Works) – Supporting Documentation (4)

5.2.4 Point Noted	Implications	Recommendations	Rating
The WHQS Opt Out Form consists of 3 sections allowing for: • The recording of <u>all</u> improvement works offered to the Tenant, • The recording of all offered works from which the Tenant wishes to Opt Out, • The Tenants reasons for opting out of offered works. Completion of all 3 sections would allow for the evaluation / recording of the processes undertaken together with the clear evidencing of Tenants decisions. It appears however that instead of completing the 3 sections in full, there is a practice of recording only details relating to "Opted Out" works; whilst this is not the case in all instances, at best, there appears to be inconsistency in the level of details This is compounded by instances of	1) An inadequate completion methodology of the Opt Out Form. 2) The Form is the prime record by which the decisions made by Tenants in relation to WHQS works are recorded and therefore all details should be recorded as necessary - the current methodology represents a failure to obtain and evidence said information. 3) The current methodology does not allow for the capture of all relevant information in this area, thereby reducing the relevance and effectiveness of the Form. 4) Full completion of the document would assist greatly in instances of challenges by existing / future Tenants in terms of levels of works completed / required.	Senior Officers issue instructions to all relevant Officers requiring that the 3 sections of the Opt Out Form are completed in full to show: a) all improvement works offered, b) all offered works from which the Tenant is Opting Out, c) all reasons for which the Tenant is Opting Out - which must correspond with the details in b) above. The CCBC Officer present should not sign and date the Form until all of the required details are shown.	MR

sections of the Form not being completed at all, including:

- The offered works from which the Tenant wished to Opt Out',
- The offered works from which the Tenant wished to Opt Out plus the Tenants reasons for opting out of offered works.
- The Tenants reasons for opting out of offered works.

In these instances it was not clear what exactly had been offered to the Tenants, what they had refused and why.

Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. As mentioned above, the Form will be reviewed.	Review the Opt Out Form and Sign Off Sheet with a view to combining information onto one Form for full completion at sign off stage. Staff training will be provided to ensure consistency. P. S. (Housing Technical Manager) - by 31st March 2019.	Achieved (Y/N) Action taken Further Action Required?

5.2   Control Risk 2 - Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.

Tenants have a choice about the improvement works proposed for their homes; if they decide that they do not want works undertaken this will be accepted (unless there are health and safety issues). Such refusals are recorded as Acceptable Fails (due to) Tenants Choice. Also where improvement works are not physically possible (as opposed to refused by Tenants) due to issues such as the age or layout of a property these will also be recorded as Acceptable Fails (but due to) Physical Constraint.

Acceptable Fails (Internal Works) – Supporting Documentation (5)

5.2.5 Point Noted	Implication	Recommendation	Rating
In addition to point Noted 5.2.4 above the general standards of completion of WHQS Opt Out Forms is considered inadequate with instances of: • Full Tenant / Property details not being shown, • Failure to print name (Tenant), • Failure to show the date of completion (Tenant), • Lack of completion (name and date or date only) by CCBC Officers. Full completion of the Form, by both Tenants and CCBC Officers, would assist greatly in instances of challenges by existing / future Tenants in terms of levels of works completed / required, by clearly identifying both the persons responsible for making and evidencing any decisions, and when said actions were carried out.	The Form is the prime document for recording the situation regarding WHQS works and is specific to an individual property and therefore Tenant and enables both to be clearly identified – any failure to complete the required details reduces the relevance and effectiveness of the Form.	Senior Officers issue instructions to all relevant Officers requiring that the following details on the Opt Out Form are completed in full to show: a) Full Tenant / Property details, b) Tenant's printed name, c) The Tenant's date of completion of the Form, d) The attending CCBC Officer's name and date of completion of the Form. The CCBC Officer present should not sign and date the Form until all of the required details in a) to c) are shown. Such actions should form part of a Quality Control element of any processes introduced in relation to document completion / retention.	MR

Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. As mentioned above, the Form will be reviewed.	Review the Opt Out Form and Sign Off Sheet with a view to combining information onto one Form for full completion at sign off stage. P. S. (Housing Technical Manager) - by 31st March 2019. Random ongoing checks to be initiated to ensure correct completion of the form.	Achieved (Y/N) Action taken Further Action Required?

5.2   Control Risk 2 - Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.

Tenants have a choice about the improvement works proposed for their homes; if they decide that they do not want works undertaken this will be accepted (unless there are health and safety issues). Such refusals are recorded as Acceptable Fails (due to) Tenants Choice. Also where improvement works are not physically possible (as opposed to refused by Tenants) due to issues such as the age or layout of a property these will also be recorded as Acceptable Fails (but due to) Physical Constraint.

Acceptable Fails (Internal Works) – Supporting Documentation (6)

5.2.6 Point Noted	Implications	Recommendations	Rating
The design of the WHQS Opt Out Form is considered inadequate in that: • The work elements listed do not necessarily reflect the Internal Works required under the WHQS Programme • There is no specific facility to record any "Achieved Previously" work elements, • The Form is targeted only at Internal Works and does not provide for External Work; • There is no requirement / facility for the CCBC Officer to print their name (unlike the Tenant). This Form has been in use since the commencement of the WHQS Programme.	1) The Form is considered unfit for purpose. 2) As the prime document for recording the situation regarding WHQS Internal Works at each property the Form should reflect all works elements / options available – the present design does not facilitate this. 3) The Form does not provide for the true situation relating to each work element to be recorded e.g. where no work is required due to being "Achieved Previously" this is not reflected as the Form is intended for use only in instances of Opt Outs. This is exacerbated by the current methodology of completion (see point Noted 5.2.4 above). 4) Whilst the situation relating to External Works differs to Internal Works, in terms of "Opting Out", the Form does not provide for the recording of the true situation relating to each work element	Further to Points Noted 5.2.4 and 5.2.5 above Senior Officers consider a redesign of the Form to show for both Internal and External Works: a) all improvement works offered, b) all offered works from which the Tenant is Opting Out, c) all reasons for which the Tenant is Opting Out - which must correspond with the details in b) above. The new design should allow for situations where, rather than the Tenant Opting Out, work that has been Achieved Previously or is not to be / cannot be undertaken due to other issues e.g. Cost of Remedy / Timing of Remedy / Physical Constraint can be recorded. If it is felt that one Form	MR

	5) for the former, particularly where works may not be undertaken due to Fails (see ? below). 6) The easy identification of all participants in the compilation / completion of any Form should be a prerequisite – in terms of the CCBC Officer involvement the present design does not facilitate this.	Is cumbersome then one each for Internal and External Works could be considered. Any Form(s) should provide for both the Tenant and CCBC Officer to sign and print their names and to show the date of completion. Such actions should form part of a Quality Control element of any processes introduced in relation to document completion / retention. Refer also Points Noted 5.2.7 and 5.9.1 below.	
Management Comments	**Proposed Actions / Person responsible / Date**	**Action Plan review (to be completed by Internal Audit)**	
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. As mentioned above, the Form will be reviewed	Review the Opt Out Form and Sign Off Sheet with a view to combining information onto one Form for full completion at sign off stage. P. S. (Housing Technical Manager) - by 31st March 2019. Random ongoing checks to be initiated to ensure correct completion of the form.	Achieved (Y/N) Action taken Further Action Required?	

5.2 **Control Risk 2 - Ensuring the existence of records to evidence / support the Categorisation of WHQS Internal Works Elements as Acceptable Fails.**

Tenants have a choice about the improvement works proposed for their homes; if they decide that they do not want works undertaken this will be accepted (unless there are health and safety issues). Such refusals are recorded as Acceptable Fails (due to) Tenants Choice. Also where improvement works are not physically possible (as opposed to refused by Tenants) due to issues such as the age or layout of a property these will also be recorded as Acceptable Fails (but due to) Physical Constraint.

Acceptable Fails (Internal Works) – Supporting Documentation (7)

5.2.7 Point Noted	Implication	Recommendation	Rating
Further to point Noted 5.2.6 above the design of the WHQS Internal Works Survey document is considered inadequate in that: • There is no requirement / facility for the Tenant to print and sign their name as evidence of who has completed the Survey, • There is no requirement / facility for the Tenant to provide a date as evidence of when the Survey has been completed.	The easy identification of all participants in the completion of any Form together with the date of said completion should be a prerequisite – the present design of the Survey does not facilitate this. Such details assist greatly in the event of any subsequent query.	Senior Officers consider a redesign of the Survey to provide for the Tenant to sign and print their name and to show the date of completion.	MR
Management Comments	**Proposed Actions / Person responsible / Date**	**Action Plan review (to be completed by Internal Audit)**	
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. Further investigations have determined that this actually relates to the documents used as an internal customer satisfaction questionnaire.	Work is already ongoing to revise this and other customer satisfaction questionnaires based on a response from Welsh Government on the national 7 core 'Star' questions. Unable to progress further until response received. P. S. (Housing Technical Manager) – by 31st March 2019.	Achieved (Y/N) Action taken Further Action Required?	

5.3   **Control Risk 3 - Verifying the correct categorisation of Acceptable Fails in terms of the Main Fail Reasons.**

Acceptable Fails (External Works) – Main Fail Reasons

5.3.1 Point Noted	Implications	Recommendation	Rating
The Main Reasons for which External Works can be identified as Acceptable Fails are:: • Cost of Remedy • Timing of Remedy • Physical Constraint • Resident Choice Discussions with the WHQS Project Implementation Manger (External Works) indicated that Cost of Remedy was being / had been used in instances where works were not actually required. Although brought to the attention of other WHQS Officers it appears that there is no simple remedy for this situation. This may relate to the apparent limit in usage to the 4 narratives shown above.	1) Possible inaccurate data resulting in potentially inaccurate WHQS data. 2) An inability to categorically validate the accuracy of said data. 3) An inability to evidence the basis and validity of Acceptable Fails. 4) Potential difficulties in responding to challenges by existing / future Tenants in terms of levels of works completed / required	Senior Officers review the prevailing situation in this area with a view both to correcting any inaccurate data and addressing the situation going forward.	MR
Management Comments	**Proposed Actions / Person responsible / Date**	**Action Plan review (to be completed by Internal Audit)**	
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. This was in the process of being reviewed prior to the audit as manual inputting errors had been identified.	An initial desk top exercise is being carried out to review the use of the category 'cost of remedy' and where necessary property visits will be undertaken to ensure the accuracy of recording. This will be progressed during 2019 when spare surveying capacity will be available. P. S. (Housing Technical Manager) – by 31st December 2019.	Achieved (Y/N) Action taken Further Action Required?	

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5.4   Control Risk 4 - Ensuring the existence of records to evidence / support the Categorisation of WHQS External Works Elements as Acceptable Fails.

Acceptable Fails (External Works) – Supporting Documentation

5.4.1 Point Noted	Implications	Recommendation	Rating
There was a lack of documentation to support the categorisation of work elements as Acceptable Fails; no records were seen for any of the 22 properties checked (100%). The Fails for the 22 properties related to : • Windows – 4 no. • External Doors – 3 no. • Gardens and External Storage 18 no. There were no Fails for Roofs and Associated Components. Discussions with the WHQS Project Implementation Manger (External Works) indicated that unlike Internal Works, where Tenants complete Opt Out Forms, there is no such requirement for External Works; further a Report presented to a recent Policy and Resources Scrutiny Committee indicated that "data on the reasons for refusing external works was not held."	1) An inability to categorically validate the accuracy of said data. 2) An inability to evidence the basis and validity of Acceptable Fails. 3) Any failure to accurately record the correct situation could lead to potential challenges by existing / future Tenants in terms of levels of works completed / required with resultant / corresponding budgetary implications.	Senior Officers consider the introduction of a Form for External Work, similar in principle to the Internal Works Opt Out Form. Refer also point Noted 5.1.2 above.	MR
Management Comments	**Proposed Actions / Person responsible / Date**	**Action Plan review (to be completed by Internal Audit)**	
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this	The use of acceptable fail criteria for external works will be reviewed to ensure data is accurately recorded. This will include the	Achieved (Y/N) Action taken	

time as it provides sufficient scope to review and amend processes to ensure the accuracy. Issues identified are accepted	determination of an element as being compliant rather than being recorded as an acceptable fail and also the reason for an acceptable fail if this is confirmed. P. S. (Housing Technical Manager) – by 31st December 2019.	Further Action Required?

5.5   Control Risk 5 - Verifying the status of ongoing External Works as shown on Keystone.

External Works – Drive- By Visits to Selected Location

5.5.1 Point Noted	Implication	Recommendation	Rating
For Information Only Drive-By visits were performed to various properties (on the basis of whole streets rather than individual properties), throughout the County Borough where External Works were shown on Keystone as part completed / ongoing; no anomalies / areas of concern, in terms of what was seen during the visits relative to the corresponding Keystone records, were considered worthy of note.	N/a	N/a	N/a
Management Comments	**Proposed Actions / Person responsible / Date**	**Action Plan review (to be completed by Internal Audit)**	
N/a	N/a	Achieved (Y/N) Action taken Further Action Required?	

5.6   Control Risk 6 - Ensuring the accuracy of End of Tenancy related Works as shown on Keystone.

End of Tenancy (EOT) Works – Comparison of Control Spreadsheet Data to Keystone Records and Environmental Finance Group Data (based on EOT Works completed and recharged by Housing Repair Operations – HRO)

5.6.1 Point Noted	Implications	Recommendation	Rating
Of 18 properties for which large scale EOT works had been completed by (HRO) all were shown as complete on the Control Spreadsheet but only 17 were shown as complete on Keystone. However no details relating to the categorisation of the four work elements were shown on the Control Spreadsheet; this appears to be due to a timing issue in that whilst the works were completed in 2016/17 the Control Spreadsheet was being populated initially from 2018/19 only. Of the 18 properties reference to being completed by HRO as EOT works was made for 13 (72%) on Keystone; for the remaining 5 although the four work elements were populated there was no indication of their completion as part of EOT works. Note: there are possible queries over the detail of the large scale EOT works and whether or not they are of WHQS standard – clarification is being sought by the Environmental Finance Group Administrative Section Head. No response had been received at the time of writing.	1) An apparent discrepancy between the various sets of data resulting in an inability to categorically validate the accuracy of said data. 2) Any failure to accurately record the correct situation could lead to future problems with the programming / time tabling / costing (and accuracy thereof) of future work commitments.	Senior Officers review the instances highlighted in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, to correct any invalid data and address the reasons for the variations.	MR

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Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. As part of the new validation processes Control Spreadsheet and Keystone data is being compared and verified to identify any discrepancies.	Any discrepancies in data highlighted is being investigated and corrected in order to accurately reflect the true situation. Property visits are being carried out where necessary to provide confirmation. P. S. (Housing Technical Manager) - ongoing to end March 2020.	Achieved (Y/N) Action taken Further Action Required?

5.6   Control Risk 6 - Ensuring the accuracy of End of Tenancy related Works as shown on Keystone.

End of Tenancy (EOT) Works – Comparison of Control Spreadsheet Data to Keystone Records and Housing Repair Operations (HRO) Data (based on EOT Works shown as undertaken by Housing Repair Operations – HRO)

5.6.2 Point Noted	Implications	Recommendation	Rating
Of 8 properties for which EOT works had been completed by HRO all were shown as complete on the Control Spreadsheet but only 5 (62%) were shown as complete on Keystone. However although details relating to the categorisation of the four work elements were shown on the Control Spreadsheet; these did not reference the fact that the works may have been completed via EOT works; as the works were all completed in 2018/19 the reasons for these omissions are unknown. Of the 8 properties no reference to being completed by HRO as EOT works was made on Keystone; discussions with WHQS Officers indicated that there is an ongoing problem with Keystone interfaces which is affecting the data in this area.	1) An apparent discrepancy between the various sets of data resulting in an inability to categorically validate the accuracy of said data. 2) Any failure to accurately record the correct situation could lead to future problems with the programming / time tabling / costing (and accuracy thereof) of future work commitments.	Senior Officers review the instances highlighted in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, to correct any invalid data and address the reasons for the variations.	MR
Management Comments	**Proposed Actions / Person responsible / Date**	**Action Plan review (to be completed by Internal Audit)**	
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. This is a system issue with work ongoing to seek a resolution for historical completions only. The	Historical validation checks to be made of EOT records within Keystone and the Control Spreadsheet to identify any anomalies. These will then be investigated and rectified. A WHQS certificate is also in use for all void allocations to record all elements that have been brought up to WHQS and a copy provided to the tenant.	Achieved (Y/N) Action taken Further Action Required?	

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new validation process has rectified the problem going forward.	P. S. (Housing Technical Manager) - by 31st December 2019.	

5.6   Control Risk 6 - Ensuring the accuracy of End of Tenancy related Works as shown on Keystone.

End of Tenancy (EOT) Works – Information Provision to WHQS by Other Service Areas

5.6.3 Point Noted	Implications	Recommendation	Rating
Further to points Noted 5.6.1 and 5.6.2 above information regarding EOT works is currently provided to WHQS Officers by both the Environmental Finance Group and HRO Officers; although based on different source data there is no interaction between the two Service Areas to provide one agreed set of data. Also there is no cross-matching of the current 2 sets of data, by WHQS Officers, to ensure completeness / accuracy. Note: Following discussions during the course of the Audit WHQS Officers agreed to introduce some form of cross-matching of the information suppled.	1) Possible inconsistency in the data provided resulting in potentially inaccurate WHQS data. 2) A lack of co-ordination in the production of the data. 3) The duplication of effort, and associated inefficiencies in the use of staffing resources, in providing the "same" data.	Senior Officers review the current procedures in this area with a view to assessing the ongoing need for such data, the methodology of the provision of the data and the usage of the data one received.	MR
Management Comments	**Proposed Actions / Person responsible / Date**	**Action Plan review (to be completed by Internal Audit)**	
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. Cross-matching has now been included in the most recently introduced validation processes.	New validation process has been introduced which will rectify the issue going forward. P. S. (Housing Technical Manager) - completed 23rd November 2018.	Achieved - Yes Action taken – Refer Proposed Actions (left) Further Action Required – No	

5.7   Control Risk 7- Ensuring the accuracy of Control Spreadsheet Data

Anomalies Checks – Sample Reviews of Instances of Possible Erroneous Data Based on a Review of Control Spreadsheet Data

5.7.1 Point Noted	Implications	Recommendation	Rating
Based on documentation available there appear to be two 2 instances of WHQS Standard works being completed by external contractors as EOT works but not being shown either as completed or as EOT works on either the Control Spreadsheet or Keystone. The works were completed in 2017/18. Discussions with WHQS Officers could not indicate why this situation had arisen. The 2 properties concerned are: Property B (details supplied to Service area) Property C (details supplied to Service area)	1) An apparent discrepancy between the various sets of data resulting in an inability to categorically validate the accuracy of said data. 2) Any failure to accurately record the correct situation could lead to future problems with the programming / time tabling / costing (and accuracy thereof) of future work commitments.	Senior Officers review the instances highlighted in order to establish the prevailing situation, and take any appropriate remedial action considered necessary, to both correct any invalid data and address the reasons for the variations.	MR
Management Comments	**Proposed Actions / Person responsible / Date**	**Action Plan review (to be completed by Internal Audit)**	
Investigations have confirmed that this was a one-off issue due to staffing changes within HRO	Remedial action has been taken based on the findings. P. S. (Housing Technical Manager) - completed 27th November 2018.	Achieved - Yes Action taken – Refer Proposed Actions (left) Further Action Required – No	

5.8   Control Risk 8 - Ensuring the adequacy and reasonableness of Compliance Procedures

A Review of the Compliance Procedures (1)

5.8.1 Point Noted	Implications	Recommendation	Rating
The Procedure documents appeared generally adequate and satisfactory. However whilst reference is made to various documents, files and folders and in some instances specific WHQS Officers in terms of corresponding actions, there is not necessarily specific reference as to how all such records are to be controlled on a daily basis. Also whilst there is reference to a "property folder" it is not clear as to how each / every document in use throughout the various processes / stages are to be handled / retained – refer Point Noted 5.9.1 below.	1) Possible incomplete records. 2) Inconsistency in the levels of document retention. 3) A lack of standardisation in document retention. 4) An apparent lack of control in relation to document retention. 5) Possible resultant difficulties in the ability to evidence decisions and the basis of any resultant actions.	Senior Officers consider the introduction of some form of Document Retention Policy to establish guidelines in relation to: a) the creation of a property master record or file, b) what documents are in use, c) what documents should be in use, d) the format in which the documents are to be retained e.g. paper and / or electronic, e) where said documents should be retained e.g. Keystone / IDOX (Housing) / manual files. f) Officers responsible for compliance with the Policy. The Guidelines should refer to a "check list" of all required documents to be retained in one specific location. Consideration could be given to the usage of a Handover Certificate type document (refer point Noted 5.8.2 below).	MR

Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. Findings accepted.	Document review will be undertaken and a new retention policy agreed. P. S. (Housing Technical Manager) - by 31st December 2019.	Achieved (Y/N) Action taken Further Action Required?

5.8 **Control Risk 8 - Ensuring the adequacy and reasonableness of Compliance Procedures**

A Review of the Compliance Procedures (2)

5.8.2 Point Noted	Implications	Recommendations	Rating
Further to Point Noted 5.8.1 above and the various documents / actions referred to, it appears that for external contractors Handover Certificates (1 per property) are in use which list some, but not all, documents required (in effect a check list) as part of the works completion processes; this is signed off by appropriate CCBC Officers and a representative of the Contractor. There are issues with this document in terms of: • It is only in use for works completed by external contractors; there is no equivalent for works completed by Caerphilly Homes, • There is no requirement / facility for the CCBC Officers or contractor's representative to print their name, • There is no requirement / facility for the CCBC Officers or contractor's representative to provide a date of completion, • It may not allow for all relevant documents to be attached or referenced. Refer also Point Noted 5.9.1 below.	1) Inconsistency in the usage of the Certificate. 2) The easy identification of all participants in the completion of any Form together with the date of said completion should be a prerequisite – the present design of the Certificate does not facilitate this. Such details assist greatly in the event of any subsequent query.	1) Senior Officers consider the introduction of a Certificate for works completed by Caerphilly Homes; this should be incorporated into the suggested Document Retention Policy referred to in Point Noted 5.9.1 below 2) Senior Officers consider a redesign of the Certificate to provide for all persons to sign and print their name and to show the date of completion. 3) Senior Officers consider a redesign of the Certificate to allow for all relevant documentation to be attached or referenced.	MR

Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. Accepted that the handover certificate needs to be reviewed and utilised in a consistent manner	All documents, including the handover certificate will be reviewed together with the process to ensure consistency across all internal works. P. S. (Housing Technical Manager) – by 31st March 2019.	Achieved (Y/N) Action taken Further Action Required?

5.9   Control Risk 9 - Ensuring the existence and retention of adequate documentation

General Documentation Issues

5.9.1 Point Noted	Implications	Recommendation	Rating
The general levels and consistency of documentation held throughout the various systems in use is identified as an area <u>in need of</u> improvement. There appears to be no standardisation in the documents held on the various systems, although it is assumed that, to a large extent, the documents in use throughout the various processes / stages apply equally to each property. It should be noted that in relation to Internal Works Opt Out Forms 4 were received form WHQS Implementation Managers which could not be found on either Keystone or IDOX (Housing) – refer also Point Noted 5.2.1 above Note: the Systems accessed as part of this Review were Keystone, IDOX (Housing) and Capita Housing. It is appreciated that as non-users of these systems Internal Audit Officers may not be familiar with their full capabilities; however on occasion WHQS Officers were also asked to provide copies of relevant documentation. Refer also Points Noted 5.8.1 and 5.8.2 above.	1) The lack of a single master file or record for each property containing / referencing all relevant documents. 2) Possible incomplete records. 3) Inconsistency in the levels of document retention. 4) A lack of standardisation in document retention. 5) An apparent lack of control in relation to document retention. 6) Possible resultant difficulties in the ability to evidence decisions and the basis of any resultant actions.	Senior Officers consider the introduction of some form of Document Retention Policy to establish guidelines in relation to: a) the creation of a property master record or file, b) what documents are in use, c) what documents should be in use, d) the format in which the documents are to be retained e.g. paper and / or electronic, e) where said documents should be retained e.g. Keystone / IDOX (Housing) / manual files. f) Officers responsible for compliance with the Policy. The Guidelines should refer to a "check list" of all required documents to be retained in one specific location. Consideration could be given to the usage of a Handover Certificate type document (refer point Noted 5.8.2 above). Refer also Point Noted 5.8.1 above.	MR

Management Comments	Proposed Actions / Person responsible / Date	Action Plan review (to be completed by Internal Audit)
The focus to date has been on the delivery of the main WHQS programme and it is opportune that this exercise has been carried out at this time as it provides sufficient scope to review and amend processes to ensure the accuracy of data before the end of the programme. Accepted that key documents require to be reviewed together with the process for their use.	All documents will be reviewed to ensure the accurate recording of key information together with the process to ensure consistency across all areas. P. S. (Housing Technical Manager) – by 31st March 2019.	Achieved (Y/N) Action taken Further Action Required?

6. Appendices

6.1   Audit Report Opinions and Criteria (as approved by the Audit Committee October 2018).

6.2   Agreed Scope of Audit.

Internal Audit

Audit Opinion Criteria - as approved by the Audit Committee October 20128

Control Risk Areas

Control weaknesses or other issues noted during the audit will be assessed and rated according to the criteria below, as High, Medium or Merits Attention.

Risk ratings

High Risk Issues (HR)	These are defined as issues where key / fundamental controls are absent, inadequate or ineffective. The risks have not been managed properly. Recommendations in this category must be implemented as the risk is identified as unacceptably high. HR recommendations that cannot be agreed are referred up to the Section 151 officer.
Medium Risk Issues (MR)	These are defined as issues where some controls are absent or existing controls need to be improved or enhanced. Recommendations in this category should be implemented to address system risks and weaknesses. MR recommendations that cannot be agreed will be referred to the appropriate level of management for consideration.
Merits Attention (MA)	These are issues which have been identified which are one off minor administrative issues or relate to best practice improvements in procedures, which managers may wish to consider. Recommendations in this category are included for management to consider and deal with as appropriate

Conclusion and opinion

At the end of our audit we will use the findings and control weaknesses noted to evaluate our overall opinion. This will take into account the individual points noted, their risk and impact. Our conclusion and opinion will be one of the following

1. Effective - based on the results of the audit work undertaken it is considered that the control framework in place is good and should result in system risks being minimised

2. Effective with opportunity to improve (to be reported to Audit Committee if no improvement seen on the follow up of recommendations made) based on the results of the audit work undertaken it is considered that the control framework in place is satisfactory with a number of expected controls in place, however a number of control weaknesses have been identified resulting in some system risk.

3. In need of improvement (To be reported to Audit Committee) based on the results of the audit work undertaken it is considered that the control framework in place is in need of improvement as a result of a number of absent or ineffective controls

4. Inadequate and in need of immediate improvement (To be reported to Audit Committee) based on the results of the audit work undertaken it is considered that the control framework in place is inadequate and in need of immediate improvement which needs immediate action to rectify

If the audit falls into opinion **rating 2** – [Head of Service/Service Manager/ Head teacher/ Chair of Governing body] may be required to report to audit committee if no improvements are shown when follow up review is undertaken or if recommendations/agreed actions are not implemented.

If the report falls into opinion **rating 3 or 4** above [Head of Service/Service Manager/ Head teacher/ Chair of Governing body] will be required to report to audit committee, where the report will be considered.

Audit report opinions and criteria
The table below gives further explanation of the criteria to be used when evaluating the overall opinion in the report. **(As agreed by Audit Committee October 2018)**

Opinion	Rationale or criteria
Effective	**All internal high risk controls** are in place and are operating effectively **No high or medium** findings noted Very small number of "merits attention" findings All high level risks are controlled and no safeguarding risks identified
Effective with opportunity for improvement	Controls considered adequate but some exceptions exist Small number of medium or low risk / medium or low impact weaknesses noted e.g. minor administrative breaches, which should be relatively straightforward to resolve. Some areas for improvements noted which should be relatively straightforward to implement. **All high level risk**s adequately controlled No immediate risk to assets property, cash, or revenue or risk of breach of Code of Practice, regulations or legislation. No safeguarding risks identified
In need of Improvement	At least **one** high level risk noted A relatively high number of medium risk weaknesses noted & a large number of areas for improvements noted Risk of fraud, theft, loss or misappropriation of assets, cash or data or other regulatory/ legislation or code or practice breach if improvements are not implemented within relative short term. In general these will be reported to Service Managers or Head of Service before finalising report. Potential for illegal or unlawful activity No immediate safeguarding risks System improvements are not immediately required, but there is a need for improvement identified by the findings noted Processes are considered inefficient, ineffective or poor value for money Non-financial risks identified as a result of poor practice e.g. reputational or impact on other stakeholders. Performance or practices identified does not conform to corporate plan or conflict with improvement plans. Some non-compliance with policy and procedures
Inadequate and needs immediate improvements	At least **one or more** high risk noted together with a number of medium risk findings over a number of separate areas. Safeguarding risk issues noted Actual fraud, theft, losses of assets or cash, overpayments or loss of revenue reported. In general these will be reported to Service Managers or Head of Service before finalising report, and may lead to additional reviews or investigations. Actual illegal or unlawful activity identified Actual breach of regulatory processes, codes of practice or legislation noted Control systems considered not fit for purpose, inadequate/ non-existent and below standard with significant exceptions or unfit for purpose Large scale noncompliance with policies and procedures & Immediate improvements are required to systems and controls High non-financial risks identified or risk of impact on stakeholders

Audit Assurance Statement

The overall audit report opinion and assurance will support and provide evidence for the Annual Governance Statement process.

Overall assurance is taken from an evaluation of the findings and audit opinion, taking into account the individual risk assessment of the system or process and its materiality or impact.

Assurance Categorisation Table

System Controls	Compliance With Controls	Assurance gained
Effective	N/a or Effective	**High**
Effective	Effective with opportunity for improvement	**Moderate**
Effective	In need of Improvement	**Partial**
Effective	Inadequate and needs immediate improvements	**Partial /minimal ***
Effective with opportunity for improvement	N/a or Effective	**Moderate**
Effective with opportunity for improvement	Effective with opportunity for improvement	**Partial**
Effective with opportunity for improvement	In need of Improvement	**Partial / Minimal ***
Effective with opportunity for improvement	Inadequate and needs immediate improvements	**Minimal ***
In need of Improvement	Compliance opinion irrelevant	**Minimal/none ***
Inadequate and need immediate improvements	Compliance opinion irrelevant	**Minimal/ none ***

∗NB Such evaluations must take into account the system, process or establishment under review and its individual risk assessment within the audit universe and its individual materiality and significance.

Assurance Statement Explanations

High	• Where a control system is considered good and no high risk points or findings have been noted. • The number of findings are generally low in number or impact • Where an establishment audit findings show good compliance to external or centrally regulated corporate systems and no high risk points or findings have been noted • Materiality and significance and inherent risk of the system, process, establishment etc. under review also needs to be considered in this evaluation.
Moderate	• where a control system is considered good and audit findings are low in number , minor, low risk, only merit attention or are considered low impact • Where an establishment audit findings show only minor noncompliance minor risks or low risk issues or which are considered low impact • Materiality and significance and inherent risk of the system, process, establishment etc. under review also needs to be considered in this evaluation.
Partial	• Weaknesses are noted in the control system which are medium risk or impact • A relatively large number of points are noted over a number of different processes under review • Weaknesses are noted in the establishment review which are medium risk or impact • Large scale noncompliance with central or corporate systems or best practice are noted • Materiality and significance and inherent risk of the system, process, establishment etc. under review also needs to be considered in this evaluation
Minimal	• The control system/s in operation have procedural or control weaknesses considered to be high risk or high impact • High risk findings are noted in an establishment review • Materiality and significance and inherent risk of the system, process, establishment etc. under review also needs to be considered in this evaluation
None	• There is no effective control system or it is not fit for purpose

Appendix 6.2

WHQS Validation Progress – Scope of Audit Review 2018/19

The main aim of the Review is to ensure the current and ongoing completeness and accuracy of the data held in relation to the Council's meeting of its WHQS Programme, this to include the verification of the existence of associated adequate and reasonable procedures. The following exercises are suggested to achieve this aim:

1. A review of the Compliance Procedures in place to ensure adequacy and reasonableness.
2. The verification of the accuracy of the data shown in the Internal and External Compliance Spreadsheets relative to Keystone Records (and vice versa) – sample basis primarily on completed properties.
3. A review of the reasonableness of the Complete status indicators as shown on the Internal and External Compliance Spreadsheets via reference / comparison to the Status indicators for each Element of the WHQS (Kitchen / Bathroom etc.); the investigation of any possible anomalies – sample basis.
4. Verification of the accuracy and completeness of Voids data via reference to Total data – sample basis.
5. A review of instances of Acceptable Fail indicators for each Element of the WHQS (Kitchen / Bathroom etc.) to ensure correct / reasonable usage; to include the verification of the existence of adequate evidence to support the usage of the indicator – sample basis.
6. A review of anomalies re. isolated non-completed properties in otherwise fully completed roads / streets, to include the verification of the data shown – sample basis.
7. A general review of any apparent anomalies found on the Internal and External Compliance Spreadsheets on a type-by-type basis – sample basis.
8. Verification of the physical completion of works via reference to WHQS Compliance Certificates / Customer Satisfaction Surveys / Questionnaire drop to Tenants / Drive By Visits (External Works) – sample basis (this may involve the usage of officers from other service areas – e.g. Caerphilly Homes)
   Notes:

   a) Where possible / if relevant all samples referred to above will ensure complete coverage of all in-house / external contractor works and geographical / operational areas.
   b) Any areas of significant concern highlighted during the Audit Review will be notified to relevant officers immediately for appropriate (remedial) action.