



NOTTINGHAM CITY HOMES

## COMPLIANCE REVIEW OF THE GAS SAFETY ARRANGEMENTS

<b>Report issued:</b>	<b>October 2008</b>
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<b>Audit Plan:</b>	<b>2008/09</b>
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The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Business Assurance



# Compliance Review of the Gas Safety Checks Arrangements

## - EXECUTIVE SUMMARY -

### INTRODUCTION

1. TIAA has reviewed the gas safety checks arrangements at Nottingham City Homes. The compliance review was carried out in September 2008.

### OVERALL ASSESSMENT

2. The overall assessment given with regard to the gas safety process is reasonable assurance.

### KEY FINDINGS

3. The following significant matters were identified which need to be addressed in order to strengthen further the control environment.
  - Due to an update of the ROCC system, reports run to identify properties requiring gas serving were not picking up the correct flag in the system leading to an increase in the number of properties with overdue gas services.
  - A number of dates of the last gas service had been incorrectly entered on the system (6% of the total checked).
  - A number of landlord certificates had been filed incorrectly.

### MANAGEMENT RESPONSES

4. Management comments on the recommendations made in this review and a timetable for their implementation are shown in the Management Action Plan.



**MANAGEMENT ACTION PLAN**

Para. Ref.	Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer
17.1	All outstanding overdue gas safety visits be identified and planned in to the schedule.	2	<i>All out of date properties have been identified and had appointments for the gas safety check to be completed. As of 13 October 2008 there are 60 properties that are out of date. These are now in the NCH no access procedure.</i>	<i>All outstanding properties will have a gas safety check completed by 14<sup>th</sup> November 2008.</i>	<i>Martin Bates Maintenance Manager Gas.</i>
17.2	All completed gas service dates be accurately recorded on the system.	2	<i>A review of the current system will be carried out to ensure that all dates are recorded correctly.  Additional training to be provided to staff updating systems.  A reality check audit will be carried out on a quarterly basis.</i>	<i>End of December 2008 - Review of recording system to be completed.  End of October 2008 - Training to be completed.</i>	<i>Jim Hartshorn Project Manager Planned Works.</i>
17.3	Landlord certificates be accurately filed.	2	<i>By recording correct dates on the system will ensure that all certificates are filed in correct location.  A reality check audit will be carried out on a quarterly basis.</i>	<i>End of October 2008</i>	<i>Jim Hartshorn Project Manager Planned Works.</i>
17.4	A record be maintained of the number of independent checks completed by the Gas Quality Control Engineer and the Service Engineer that relate to servicing and the assessment outcome.	3	<i>A monthly log sheet of all audit checks undertaken will be completed and held on the annual contract file.</i>	<i>End of October 2008</i>	<i>Paul Wilkinson Gas Quality Control Officer.</i>

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	Control issue on which action should be taken.
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## SCOPE AND LIMITATIONS OF THE REVIEW

5. The objective of the review was to assess the extent to which the gas safety checks system is being operated in accordance with the Company's requirements.
6. The scope of the review included consideration of: the gas safety recording; monitoring; and follow up processes. The scope of the review did not include detailed testing of the actual gas safety checks.
7. The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud. Effective implementation of the recommendations made in this report by management is important for the maintenance of a reliable internal control system. Recommendations for improvements should be assessed by the Company for their full impact before they are implemented.
8. For the purposes of this review reliance was placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

## MATERIALITY

9. The 2008/09 budget for gas safety checks is £3,445,000.

Failure to comply with the relevant Health and Safety legislation could result in: a loss of life; a prosecution which may result in significant financial penalties; and also significant adverse publicity.

## RELEASE OF REPORT

10. The table below sets out the history of this report.

Date draft report issued:	23 <sup>rd</sup> September 2008
Date management responses recd:	16 <sup>th</sup> October 2008
Date final report issued:	17 <sup>th</sup> October 2008

**- DETAILED REPORT -**

**BACKGROUND**

11. A review of the reports issued to the Company within the previous twelve months by the following sources identified (number) of matters relating to gas safety checks.

Source	Matters raised	Referred to in this report
External Audit	None	-
Housing Corporation	None	-
Audit Commission	None	-

**THE GAS SAFETY CHECKS PROCESS**

12. The gas safety checks work in 2008/09 are being carried out by the Company's Direct Labour Organisation.
13. The contract monitoring is carried out by the Mechanical and Electrical Manager.
14. At the time of this review there were 399 properties which did not have an up to date gas safety check certificate.

Length of time overdue	Number of Properties
Overdue by less than 6 months	399
Overdue by between 6 - 12 months	-
Overdue by more than 12 months	-

**COMPLIANCE TESTS**

15. Compliance tests were carried out to assess the overall operational effectiveness of the internal controls that are in place. These internal controls can only provide reasonable and not absolute assurance against misstatement or loss.
16. The following matters were identified:

**Database of properties requiring gas safety checks**

- 16.1 The detail of whether a property has a gas supply and appliances is held within the Northgate housing management system. This flag is updated as and when properties are marked as RTB or disposed of, or when gas appliances are initially installed or are removed. There are 25,739 properties held in the system as being on the gas contract.
- 16.2 Letters are sent out to tenants 60 days before the due date of the gas service giving an appointment in the next 10-14 days. If access is not gained on the appointed time a card is left at the property and the call centre attempt to contact the tenant to re-arrange a date. If no contact is made within seven days the Company have a forced entry policy.

Due to this policy being in place, no legal action has been necessary to gain access to any properties where a gas safety check is overdue.

This policy however is now being phased out and legal action will be taken in future as appropriate. Revised procedures are currently being implemented and will be in force from October 1<sup>st</sup>.

- 16.3 Discussions with the Gas Maintenance Manager identified that, due to an update of the ROCC system on 05/07/08, reports run to identify properties requiring gas servicing were not picking up the correct flag in the system. This meant that at the time of the audit there were 399 properties where a gas safety check was overdue. (Recommendation 17.1 refers).

#### **Safety checks at the time of change of tenancy**

- 16.4 A review of 57 properties where there had been a change of tenant in the last six months was undertaken. Three (6%) landlord certificates could not be found and four (9%) had an incorrect date recorded on the system. All checked had received a gas safety check around the change of tenancy date. (Recommendations 17.2 & 17.3 refer).

#### **Checking and filing of gas safety check certificates**

- 16.5 A review of 120 properties with current gas safety certificates was undertaken to determine whether the current certificate on file had been fully completed included the gas engineers CORGI number and the tenant's signature. It was noted that all the appropriate certificates were currently held on file, the tenant's signature and the engineer's CORGI registration number were on the forms. Eight (7%) were found where the date on the landlord certificate differed from that recorded on the system by between one and four days. (Recommendations 17.2 & 17.3 refer).
- 16.6 Landlord certificates are filed in weeks by the date shown on the certificate then in alphabetical order. If the date recorded on the system is wrong, it is therefore difficult to locate the certificate.

#### **Overdue gas safety checks**

- 16.7 A review of 164 properties where the gas safety check was overdue was completed. Five (3%) landlord certificates could not be found and eleven (7%) had an incorrect date recorded on the system. One certificate did not have the building number recorded. (Recommendations 17.1 & 17.2 refer).

#### **Reporting on gas safety checks**

- 16.8 Performance indicators are produced monthly and reported to the Departmental Management Team showing the number of properties which are either in possession of a valid annual gas servicing certificate or are capped, and the number of gas servicing appointments made and kept.

#### **Independent checks carried out on contractor's gas safety checks**

- 16.9 Independent checks are being completed by the Gas Quality Control Engineer and the Service Engineer to establish that the safety checks are being carried out to standard. No recording is maintained on the number of checks completed that relate to servicing and the assessment outcome. (Recommendation 17.4 refers).



17.	Recommendation:	Priority
17.1	All outstanding overdue gas safety visits be identified and planned in to the schedule.	2
17.2	Ensure all gas service dates are accurately recorded on the system.	2
17.3	Landlord certificates be accurately filed.	2
17.4	A record be maintained on the number of independent checks completed by the Gas Quality Control Engineer and the Service Engineer that relate to servicing and the assessment outcome.	3

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