Internal Audit

FINAL

Southway Housing Trust

Compliance Review of Gas Servicing

2023/24

December 2023

Executive Summary

OVERALL ASSESSMENT

KEY STRATEGIC FINDINGS

The Trust has effective procedures for conducting annual gas safety checks including addressing issues when access issues are encountered by engineers.

All Gas Engineers are directly employed by the Trust and hold current Accredited Certification Scheme (ACS) certificates and are Gas Safe Registered.

The Trust shows commitment to sustainability by transitioning to electric systems and contributing to Manchester City Council's net-zero targets.

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Homes and Environment not maintained to health and safety standards.

GOOD PRACTICE IDENTIFIED

Assigning distinct roles and responsibilities to various individuals within the gas safety management structure ensures accountability and prevents a single point of failure.

A proactive approach to addressing access issues and maintaining clear records of communication and visits enhances the efficiency of safety inspections.

SCOPE

The review considered the actions taken by the Trust to monitor compliance with the statutory obligations in relation to gas safety checks. The scope of the review did not include consideration of action taken regarding individual properties, the adequacy of the gas safety, or the appropriateness of additional remedial works carried out.

ACTION POINTS

Urgent	Important	Routine	Operational
0	**0**	**0**	**0**

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
No recommendations were raised during the audit.							

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
3	ROUTINE	Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
No Operational Effectiveness Maters were identified during the audit.				

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Findings

Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	**Governance Framework**	There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	In place	-	-
RM	**Risk Mitigation**	The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	**Compliance**	Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	-

Other Findings

The Trust maintains a Gas Safety Management Policy, which is subject to annual review. The current version of this Policy, last reviewed on 14th October 2023, is marked as "awaiting approval" in which minimal changes are expected relating to additional KPI's. Subsequent to the audit fieldwork being completed it was confirmed by the Trust that the Policy was approved by the Audit and Risk Committee on 17th October 2023.

The Policy provides a comprehensive overview of the current procedures, responsibilities and regulatory compliance related to gas safety within the organisation. This policy effectively addresses various aspects of gas safety, including adherence to regulations, roles and responsibilities, requirements for staff and contractors, operational procedures, communication with residents, record-keeping, monitoring practices and considerations for diversity and inclusivity.

The Gas Safety Management Policy outlines that segregation of duties is identified by assigning distinct roles and responsibilities to various individuals. This segregation ensures that no single person has complete control over the entire gas safety process. Specifically, the Board, Chief Executive, Strategic Director of Property and Development, Head of Health and Safety and Compliance, Compliance Manager, Head of Operations and the Compliance Team each have well-defined responsibilities in the management of gas safety.

Other Findings

The Trust maintains a Significant Risk Map, which identifies various risks affecting the organisation. Whilst there is no specific risk dedicated to gas safety, three risks related to property maintenance have been identified. These include the risk of: inadequate maintenance services; ineffective management of property assets; and, most notably, homes and environments not meeting health and safety standards. Each of these risks is assigned a RAG rating and existing mitigations and future action plans have been established.

A sample of 14 properties was selected to test that Landlord Gas Safety Record (LGSR) were held for each one and that the most recent version was issued within 12 months of the previous one. All of the properties in the sample were confirmed as having a current LGSR.

It was also confirmed that the most recent Landlord Gas Safety Record (LGSR) had been issued within 12 months of the previous service for all but once of the sample, 2 Abergele Road. On the day that the service was due to be undertaken the operative was informed that the tenant had passed away. The gas supply was subsequently capped from outside the property. A full safety check was carried out two months later following the keys being received and the property being cleared.

All void properties sampled had a Gas Safety check conducted. Only one of the properties had a failure raised on the certificate which related to a flume replacement. A job was raised on the system (Open Housing) for action.

All thirteen Gas engineers employed by the Trust maintain current Accredited Certification Scheme (ACS) certification and are also registered with Gas Safe, affirming their compliance with essential professional qualifications and regulatory standards.

Discussions with the Compliance Manager confirmed that no new properties are being built with a gas supply, as new developments are all electrical and ground source heating based moving forwards. There are ongoing efforts to switch existing gas properties over to a greater use of electric systems in line with Manchester City Council's net zero targets.

Evidence to support independent quality assurance checks for June, July and August 2023 was provided. Icon, who the Trust use for quality assurance checks, conducted programs focusing on gas servicing and maintenance. The report evaluates engineer performance, customer care, and gas technical criteria. It found no issues with customer care, minimal defects in gas technical criteria, and KPIs exceeding industry averages. Property audits revealed satisfactory compliance and quality in gas servicing work.

Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	**Performance Monitoring**	There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	-
S	**Sustainability**	The impact on the organisation's sustainability agenda has been considered.	Out of scope	-	-
R	**Resilience**	Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	Out of scope	-	-

Other Findings

The monthly performance reports, which are referenced within the Gas Safety Policy, encompass three critical performance measures:

- The percentage of properties holding a valid Landlord's Gas Safety Record (item 5.14),
- The count of tenanted properties lacking this record for over three months (item 5.15), and
- The weekly totals of issued Landlord's Gas Safety Records in relation to program targets (item 5.16).

The Trust provided the most recent report that was submitted to the Audit & Risk Committee in October 2023. This report confirmed achievement of the agreed KPIs.

The Trust employs and independent quality assurance provider (Icon) to conduct assessments on a minimum of 10% of service and installation works. Subsequently, the Trust receives comprehensive reports detailing the results of these audits, allowing for appropriate actions to be taken in response to the findings. This practice aligns with the trust's commitment to ensuring the quality and compliance of service and installation works, promoting transparency and accountability in their operations.

EXPLANATORY INFORMATION

Appendix A

Scope and Limitations of the Review

1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

2. The matters raised in this report are only those that came to the attention of the auditor during the course of the 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.

Effectiveness of arrangements

3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

4. The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

5. We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

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

Stage	Issued	Response Received
Audit Planning Memorandum:	3rd May 2023	11th May 2023
Draft Report:	21st November 2023	29th November 2023
Final Report:	8th December 2023	

AUDIT PLANNING MEMORANDUM

Appendix B

Client:	Southway Housing Trust		
Review:	Gas Servicing		
Type of Review:	Assurance	**Audit Lead:**	James Back

Outline scope (per Annual Plan):	The review considered the actions taken by the Trust to monitor compliance with the statutory obligations in relation to gas safety checks. The scope of the review does not include consideration of action taken in regard to individual properties, the adequacy of the gas safety, or the appropriateness of additional remedial works carried out.
Detailed scope will consider:	The review will set out to provide assurance to the Audit Committee that the Trust has robust arrangements for servicing gas boilers at all relevant properties. • The policy and procedures are up-to-date and clearly define authorisation limits and responsibilities. • Appropriate escalation actions are being taken in a timely manner; • Appropriate certification is held for two years; • Gas checks have been carried out at a change in tenancy, including mutual exchanges; • New properties have been included in the gas servicing contract and servicing is up to date; • Contractor and operative registrations; • Third party auditing; and • Management reporting.

Planned Start Date:	6th November 2023	**Exit Meeting Date:**	02/11/2023	**Exit Meeting to be held with:**	Paul Muldowney

SELF ASSESSMENT RESPONSE

Matters over the previous 12 months relating to activity to be reviewed	**Y/N (if Y then please provide brief details separately)**
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N