



# *Internal Audit Report 2018/19*

## **Regulatory Compliance 18-19-11**

**PAPER C**

Isle of Wight Council

**FINAL**

May 2019



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## **Distribution List**

### *For action*

- Chris Ashman, Director of Regeneration
- David Watts, Principal Officer, Corporate Property Maintenance
- Nick Wright, Health, Safety and Welfare Services Advisor
- Graham Haigh, Senior Property Manager, Property and Assets
- Ashley Curzon, Assistant Director Economic Development, Planning and Assets

### *For information*

- Elizabeth Goodwin, Chief Internal Auditor



# Executive summary (1 of 1)

Classification	Trend	By type	By scope area
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**No Assurance \***

We have not previously carried out a review with an equivalent scope

	Critical	High	Medium	Low	Advisory
Compliance Registers	0	3	0	0	0
Delivery	0	1	1	2	0
Oversight	0	0	0	0	0

	Critical	High	Medium	Low	Advisory	Total
Control design	0	4	1	2	0	0
Operating effectiveness	0	0	0	0	0	4
						1
						2
						0
						0

**Total findings: 7**

\* To ensure that the risk to the Council is accurately represented in this report the overall risk level is reported as 'no assurance' a change to previous practice. This more accurately represents the exposure to the Council, as Internal Audit cannot give assurance that arrangements are in place, rather than definitively concluding that they are not in place.

## Summary of findings

The Council is responsible for a number of buildings either as an occupier or a landlord. Currently, the Council has 866 properties, some occupied directly by the Council, the majority let out to a variety of tenants. This number does include agricultural land and a large number of beach huts, however, compliance with applicable landlord compliance checks requires a robust recording, monitoring and reporting regime. This review examined the compliance regime as follows:

- **Compliance Registers:** confirming that the Council has appropriate registers of the properties it is responsible for, with key information/evidence stored against each record; for example current gas and electrical safety certificates, supported by up to date contracts with third parties to support compliance, for example regarding a programme of water testing.
- **Delivery:** confirming that the information in the registers and associated repositories is up to date, with action plans to address any issues identified through the risk register.
- **Oversight:** Confirming that appropriate oversight is in place over the properties for which the Council has landlord responsibilities; for example, regular reports are run from systems to confirm compliance, with any issues addressed or escalated.

The most significant gaps identified through this review are a lack of a formal contracts/agreements for services (gas, water, electricity and fire safety), a lack of a register for Fire Risk Assessments (FRAs) and 'informal' follow-up and confirmation that arrangements are 'safe' regarding water testing, however a number of appropriate assessments were reviewed during sample testing. The absence of satisfactory recording and reporting also means it is not possible for senior management to be confident that all of the Council's properties are 'safe', or that if issues do occur they would be identified and addressed at the earliest opportunity.

Fieldwork is documented as seven detailed findings, summarised by scope area below:



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**Compliance Registers:**

Since our last review, the Council has made improvements to the water compliance register with the implementation of ZetaSafe for monitoring the programme of legionella sample testing. There are property lists maintained for electrical and gas safety testing however these are kept in MS excel and do not have functionality for monitoring actions and necessary follow up. A register of properties requiring a fire risk assessment has not been documented. The possibility of utilising ZetaSafe as a platform for monitoring and recording more than just legionella testing has not been fully explored by the Service. It is the Service's opinion that the current system as configured is not conducive to regulatory compliance monitoring and does not have the necessary reporting capabilities. Registers and associated documentation are currently saved in shared folders which are accessible by the entire property team and therefore there is risk of accidental deletion/alteration to this information by individuals who do not require access to such information.

Formal signed contracts/agreements covering the full extent of services across the portfolio are not currently in place to address Water Risk Assessments and Legionella Testing, Fire Risk Assessments, Electricity Safety Certificates or Gas Compliance Certificates. There is a pricing agreement in place for the provision of services relating to gas and a good relationship is maintained with Scottish and Southern Electric (SSE) for the provision of services related to electrical safety. Both of these services are requested as required by the Council and are provided under the standard conditions of contract for the provision of services. An existing relationship is maintained with WSM for the provision of water risk assessments and legionella testing however, this is based on an agreement that expired in 2017, however services are being provided under terms of the previous contract. Isle of Wight Fire and Rescue Service currently provide fire risk assessments however; no formal agreement is in place.

**Delivery:**

Internal Audit have tested a sample of properties to obtain current Gas and Electrical safety certificates and noted no issues. We have also obtained Fire Risk Assessments and Water Risk Assessments for a sample of properties in October 2018 and noted no issues. Since then, we have been unable to confirm whether up to date certificates have been obtained for those that have expired since October (this review was carried out in two phases). There is no formal documentation consistently used to demonstrate how the Council has addressed actions from both Water and Fire Risk Assessments (. While at the time of initial fieldwork the same issues were observed for schools, subsequently progress has been made, with procedures in the process of being implemented in collaboration with colleagues in Education.

The Council should ensure schools under LA control are maintaining applicable property safety checks – a formal process of oversight has not been fully implemented since our previous review in 2016. We have reviewed examples of checks performed by the Health and Safety team at Haylands Primary school but note that this checklist is designed to adequately assess the fixtures and fittings within the buildings. Where actions are noted, the Health and Safety (H&S) team follow up until they are satisfied that the findings have been addressed. A new building surveyor position is budgeted for and is due to be advertised immediately. This position is intended to bridge the gap between the schools and the Council's responsibilities under the SVS.

**Oversight:**

The Council rely on manual MS excel spreadsheets as opposed to an integrated system such as Tech Forge or Zeta Safe, to monitor their property portfolio. These registers are not appropriately designed to monitor current property status, assessment findings, actions and remedial work. Spreadsheets are not regularly reconciled to other property records and / or updated for appliance changes at a property (i.e. a new boiler being installed).

The Service has implemented new meeting action trackers at both a team level and a more senior property level. Meeting actions are monitored via MS excel spreadsheets and available to all via the shared folders. These trackers are discussed at the monthly meetings when required and exceptional issues can be formally raised to the next appropriate management meeting level. There are multiple sources of information required to fully understand the current compliance status of the Council's estate and therefore this is not formally discussed at senior level meetings. Internal Audit note that better integration between the multiple sources of information (MS spreadsheets, ZetaSafe, Schools register, individual assessment results etc.) is required as well as secure user access rights to this information. A properly formulated oversight report, which details the status of the portfolio on a property-by-property basis should be utilised to draw together information from the multiple spreadsheets. Without this proper oversight, the Council are less able to quickly identify risks as and when they arise.

One finding included within this report, on arrangements for Water Risk Assessments (WRAs) and Fire Risk Assessments (FRAs) has been rated as medium risk, where in isolation it would have attracted a high risk rating. However Internal Audit has contacted a small number of schools, confirming in all instances that they have appropriate WRAs and FRAs in place. The failure is on the

Council's part to maintain and update a central register, subsequent validation activity to confirm that schools are meeting their responsibilities being carried out, which is applicable across the whole property portfolio. As such this finding has been rated as medium risk. Internal Audit will carry out follow-up during 2019/20 to confirm that the Council has satisfactorily addressed these issues.

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We would like to take this opportunity to thank Isle of Wight Council staff for their help and assistance with this review.

## Current year findings (1 of 7)

### Formalising Services

#### Control Design

1

High

#### Finding and root cause

The Council does not have current contracts in place with third parties to provide gas, electricity, water and fire testing services. Services are currently provided as below:

- *Gas:* gas safety testing is commissioned as required, based on an agreed pricing schedule from Wight Heating. The annual value of this work is c. £7k and therefore does not meet the £10k threshold for requiring three separate quotes. The Council are satisfied with the current arrangements.
- *Electricity:* Scottish and Southern Electricity (SSE) are commissioned as required to carry out electrical testing and remedial work. The Council will submit a PO with details of the services required and a required by date. The Council spends c. £30-40k with SSE annually but do not obtain three quotes for services exceeding £10kpa. The work performed by SSE is to a good standard and the Council wishes to maintain their relationship with SSE.
- *Water:* a contract with Water Safety Management (WSM) expired in 2017; since this date Water Risk Assessments (WRAs) and water safety regimes have continued to be commissioned from WSM, on the same 'terms' as the expired contract. A procurement process has been initiated with the expectation that services be agreed and implemented in September 2019. WSM can take part in the procurement process.
- *Fire:* the Isle of Wight Fire and Rescue Service (IWFRS) carry out fire Risk Assessments (FRAs) on the Council's behalf. These are currently being carried out free of charge by IWFRS.

How all externally commissioned regulatory compliance check services are currently sourced needs to be discussed with the Council's Procurement Team at the earliest opportunity. The immediate need is to normalise the contracts with the various providers and undertake the procurement processes where required.

An arrangement is currently in place with the IWFRS, however it is of limited scope and largely reflects the legal standpoint that allows the Fire and Rescue Service to be both enforcer and responder. Agreements as to the operational nature of inspection arrangements have not been formally documented.

Ultimately, the Council needs to have certainty that work can be carried out cost effectively to specified standards, as and when required – without formalised service contracts/agreements, the Council cannot initiate an appropriate regime of contract management and oversight.

## Implications

Without formal contracts being in place, the Council becomes vulnerable to unexpected price changes and may possibly be forced to find alternative service providers at short notice. The Council cannot place as much reliance on the terms of a purchase order or informal pricing agreement when paying for services to be provided. If Council properties are not regularly inspected to ensure their gas, electrical, water and fire safety, with any issues promptly and appropriately addressed potentially vulnerable building occupants will be put at unnecessary risk of illness, injury or death.

## Action plan

The Council will:

1. Continue engaging with the Council's Procurement Team, initially to normalise the arrangement with WSM and then to implement appropriate arrangements. Procurement activity to be completed in September 2019
2. Formalise the current arrangement with IWFRS, specifically agreeing exactly what is being provided and on what basis, including any associated costs.

### Responsible person/title

1. David Watts – Principal Officer, Corporate Property Maintenance
2. Chris Ashman. Director of Regeneration

### Target date

WSM Procurement - September 2019  
Normalising Gas, Electricity and current WSM arrangements – June 2019

### Reference number

18-19-11-01

## Current year findings (2 of 7)

### Fire Risk Assessment Register

#### Control design

2

High

#### Finding and root cause

Previously, the Council used a contractor, Fire Safe Solutions, to provide Fire Risk Assessments (FRAs) for the Council's property portfolio. These were procured on an as required as required basis by the Council's property team. More recently the Isle of Wight Fire and Rescue Services (IWFRS) provide FRAs free of charge, within their available capacity.

The Council has not maintained a specific register of its properties, identifying when FRAs were last carried out, when they are next due and to track the status through to completion of actions identified as necessary through FRAs. Where FRAs are performed, follow-up activity is informal and limited to hand written notes by Council staff and/or rebuttals, although detail is limited as to why the Council staff think that issues identified by IWFRS do not need to be addressed. This is a significant gap in the Council's arrangements. With the current approach the Council are not confident that all of its properties have up to date FRAs in place, nor that actions identified through FRAs have been appropriately addressed, to ensure the safety of building occupants; this needs to be addressed as a matter of urgency.

In the absence of an appropriate register, Internal Audit selected a sample from the water safety register - five schools and five care homes were selected as both contain vulnerable children/adults, however Council staff are confident that regular inspections are carried out of local fire safety procedures, including fire alarms. In October 2018 all sampled properties had up to date FRAs in place. However, subsequent to this date, seven of these FRAs have since expired and Internal Audit has only been able to confirm that one of these had been renewed and updated.

#### Implications

As there is no master list of locations requiring a fire risk assessment, it is difficult to ensure that a current fire risk assessment has been completed at all necessary locations. Without a complete list, it is highly likely that some properties do not have current dated and fully actioned fire risk assessments. This should be addressed immediately and the Council should ensure that it has a record of all risk assessments and, if any are not completed and fully actioned, they should be addressed immediately so that no unsafe properties are occupied.

#### Action plan

The Council should:

- Develop a methodology to ensure all properties are included taking account of the different lease

#### Responsible person/title

David Watts, Principal Officer, Corporate Property Maintenance  
Nick Wright, Health and Safety Advisor

#### Target date



arrangements and how this is kept up to date over time, as changes occur.

- Ensure that the register contains sufficient information such that it is clear when the last FRA was completed, who by, what the actions were and whom they were assigned to, what the remedial actions have been, and when the next FRA is due.
- Ensure that at a minimum, properties containing vulnerable individuals are fire risk assessed and that remedial actions have been agreed and in progress.

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Register of buildings requiring a FRA - June 2019

FRAs for buildings containing high risk individuals – June 2019

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*Reference number*

18-19-11-02

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## Current year findings (3 of 7)

### Water Risk Assessment follow up

#### Operating effectiveness

3

High

#### Finding and root cause

Internal Audit have obtained the register of properties (95 properties as of 2018) requiring a Water Risk Assessment (WRA) and have requested the most recent WRA for a sample of ten properties from this register. At the commencement of the original WSM contract, timeframes for assessments to be carried out under were agreed to be every 12, 24 or 36 months based on the associated risk at the location. WRAs do not give a required formal review date and although there is no firm guidance on this frequency, the Council plans to review these current arrangements.

All of the ten properties sampled had WRAs less than two years old in October 2018. Of these ten properties - one property was assigned a risk rating of 5 (Highest Risk), four properties rated a 3 (Medium Risk) and the remaining five properties rated a 1 (Lowest Risk). Similarly, to FRAs, there is an informal process for documenting actions and assigning action owners across the portfolio of properties. There is a section in each report, which details every necessary action, its risk rating and suggests any remedial work with another section for the Council to document the procedures that have been performed. In some cases, mark ups of the assessments are used which contain comments as to the Council's remedial actions but this is not a robust method to record and track required remedial works. Due to the lack of clear documented remedial actions taken by the Council, Internal Audit have been unable to definitively confirm that all actions have been addressed appropriately and within the recommended period.

Specific to follow up actions, the Council will rebut in some cases pursue alternative measures, based on professional judgement of surveyors/engineers within the corporate property team, against certain findings from the report where they disagree with the possible nature or extent of the risk identified. An example is if the report is excessively cautious – suggesting that water tanks be cleaned out before it is necessary, the Council may believe that the risk associated with the extra expense is not justified for dealing with the risk. The Council will use the assessments to document these considerations but these are limited in detail and not reviewed.

#### Implications

Where no overview of the tracking of remedial actions is kept, it is difficult for the Council to ensure actions raised in WRAs are completed or rebutted and why. Building occupiers may be at potential risk to legionella bacteria. The Council are at risk of failing to prove that all necessary actions were taken should an issue arise which was noted in the most recent assessment. If rebutted actions are not reviewed by an expert then the rebuttal may not be appropriate.

#### Action plan

The Council should:

*Responsible person/title*

- Ensure that risks identified as part of the Water Risk Assessments are appropriately actioned for remedial work. Where the Council wishes to rebut findings, these should be substantiated by clear evidence to support the action and should be reviewed by a senior member of the team, this could be done by recording planned actions within the specific assessment document.
- In the first instance confirm that, at a minimum, the overall red risk ratings from the most recent reports have been reviewed and acted upon to reduce any risks to an acceptable level.
- Review the required frequency of water risk assessments based on the defined risk of the building (taking into account such as; Buildings age, design, occupants and use), as part of new contract specification.

David Watts, Principal Officer, Corporate Property Maintenance

**Target date**

Review of WRA frequencies – June 2019

**Reference number**

18-19-11-03

## Current year findings (4 of 7)

### Supporting Systems

#### Control design

# 4

High

#### Finding and root cause

The overarching issue is that the Council is unable to report automatically through a single designed system, without further officer investigations and input and confirm the current safety 'status' across all of its property portfolio, specifically to confirm that all properties have up to date fire, water, electrical and gas safety certificates in place and that all corrective actions identified through inspections, to ensure the safety of building occupants, are being appropriately addressed.

This is substantively due to the Council's reliance on spreadsheets, beyond the Zeta Safe system, used for water safety, to manage and ensure the safety of its property portfolio. This gap is most serious for fire safety, which is covered more fully elsewhere in this report. Internal Audit also notes that all documentation related to property 'safety' is stored on shared drives which are accessible to and can be modified by all members of the wider property team, rather than being limited to staff requiring access for their job roles.

The Council needs to produce a single register, covering all of the properties it is responsible for, clearly identifying:

- When the last Fire Risk Assessment (FRA) was carried out and when the next one is due.
- The severity of the issues identified through the last FRA and the current status of remedial actions.
- When the last Water Risk Assessment (WRA) was carried out and when the next one is due. \*
- The severity of the issues identified through the last WRA and the current status of remedial actions, including the Water Safety regime, for example sampling results and any further actions required such as disinfection.
- When Gas Safety testing was last carried out when next due – the register should confirm that current, valid Gas Safety certificates are in place for all properties with gas supplies.
- When Electrical Safety testing was last carried out when next due – the register should confirm that current, valid Electrical Safety certificates are in place for all properties.

*\* This information is partially available in Zeta Safe, however Zeta Safe does not currently fully capture the status of the Water Safety regimes, nor do the Council currently utilise reporting from the system.*

There are a number of ways the above could be accomplished, for example further developing existing spreadsheets, leveraging functionality in Zeta Safe, procuring a specific system all developing a system in-house. Internal Audit has been informed that the Technology Forge system (used to manage wider property assets) has already been considered and dismissed as an option owing to a mix of capabilities and the nature of the Council's other systems and in-house procedures.

Ultimately the Council needs to be able to confidently and completely evidence that all of its buildings are 'safe', from a gas, water, electricity and fire perspective. The register, or reports drawn from it, need to be reviewed at all relevant meetings, with summary information/any legislative

noncompliance escalated by exception to senior management, with urgency appropriately highlighted.

Specific to documentation stored on shared drives management need to source a list of staff who currently have access to their shared drive from the Council's IT Team, review this against who actually requires access and have this modified accordingly.

### **Implications**

If the Council is unable to identify the current safety 'status' of all of its properties accurately and in a timely manner then buildings will be more likely to be unsafe for building occupants, increasing the risk of death, injury or illness, additional costs and reputational damage for the Council. Without regular and accurate reporting senior management may have an inaccurate view of the safety' of the Council's property portfolio, issues will be less likely to be escalated and addressed at the earliest opportunity. Without information being adequately safeguarded the risk increases that it both may be modified, that the Council will be unaware that it has been modified and will be unable to identify who made the modifications.

### **Action plan**

The Council should:

- Identify a suitable mechanism to evidence the current safety status of its buildings, progress being made regarding remedial actions and when next safety inspections are due; progress a suitable solution.
- Review permissions are shared drives, to ensure that this is limited to staff requiring access for their job roles.

#### **Responsible person/title**

David Watts, Principal Officer, Corporate Property Maintenance  
Graham Haigh, Senior Property Manager, Property and Assets

#### **Target date**

June 2019

#### **Reference number**

18-19-11-04



## Current year findings (5 of 7)

### Monitoring of Schools

#### Control design

5

Medium

#### Finding and root cause

The 2018-19 SfVS sets out the health and safety property responsibilities of the Council as follows:

*“The Council has a duty to ensure that schools are maintaining buildings and fixtures in line with best practice and to ensure that all health and safety requirements are being met. In discharging this duty, the Council’s representatives make regular inspections of school buildings. Arrangements for such inspections will be made with individual schools, who must not unreasonably deny access to the Council for this purpose.”*

Following on from findings raised by Internal Audit in 2016; the Council have not implemented a policy to address these responsibilities (especially those of maintaining buildings fixtures and fittings) since the old Service Level Agreements (SLAs) between the Council and schools were severed in 2013. There are currently four schools (Medina House, Barton Primary, Dover Park Primary and Binstead Primary) which have SLAs with Hampshire County Council for property services.

The Council plans to appoint a role specifically to monitor the school buildings portfolio but this finding was raised in 2016 and minimal progress has been made since then. Whilst the Council have been performing regular H&S checks to 29 schools on 31 sites as part of their requirement as employers, these are not comprehensively covering the proper maintenance of fixtures and fittings and any follow up actions are informally monitored via email. Whilst it is the schools responsibility to ensure that up to date testing regimes are maintained and that current safety certificates and risk assessments have been obtained, the Council are accountable for ensuring that each school is compliant and that appropriate measures are in place to remedy any deficiencies.

For context the responsibility for carrying out FRAs and WRAs sits with schools. The Council’s responsibility is to ensure that it has appropriate arrangements in place to confirm that schools are satisfying their responsibilities. While the Council does not have a register, showing that all schools have satisfactory arrangements in place, informed by an appropriate programme of validation activity, Internal Audit has contacted a small number of schools, confirming in all sampled instances schools are meeting their responsibilities.

The failure of the Council to carry out sufficient validation activities and maintain a central register is applicable across the entire property portfolio, as covered elsewhere in this report. As such this finding has been rated as medium risk. Internal Audit will carry out follow-up during 2019/20, to confirm that the Council has appropriate arrangements in place, including for schools.

#### Implications

The Council do not have clear oversight of the property check status of the schools for which they are still responsible. Whilst they are not responsible for arranging and performing the assessments and tests, they are accountable for ensuring that the Schools are doing so and that any actions are followed up and remedied in a timely manner.

## Action plan

The Council should:

- Ensure that the recruitment of a new Building Surveyor will provide the necessary additional capacity within the Corporate Property Maintenance section to support the education department in ensuring Council's meets its responsibilities under the SFVS.
- Design and Implement a robust regime of reporting and oversight where any issues identified through the Council's checks can be escalated to appropriate senior management where necessary (in progress)
- Ensure that the regular Health and Safety checks encompass all requirements that the school must comply with in order to satisfy regulatory compliance. This includes checking gas soundness records and safety certificates and ensuring that all actions have been reasonably addressed.

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### Responsible person/title

David Watts, Principal Officer, Corporate Property Maintenance  
Graham Haigh, Senior Property Manager, Property and Assets

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### Target date

Advertise and recruit new property surveyor - June 2019

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### Reference number

18-19-11-05

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## Current year findings (6 of 7)

### PAT policy/testing

#### Control design

6

Low

#### Finding and root cause

Portable appliance testing (PAT) requirements are set out in the Council's PAT Policy. This is available to staff on the intranet and dated 2010, last reviewed in 2011. Internal Audit understand the Council are in process of updating the PAT Policy to reflect current requirements which vary according to the type and location of the equipment used.

#### Implications

There are no set rules on PAT testing frequency but there are recommendations. The Council may not be able to defend its position in any claim relating to faulty piece of equipment, should one give rise to an issue if no up to date, relevant policy exists.

#### Action plan

The Council should:

- Review the PAT Policy as planned and make available on the intranet to all staff and schools.
- A notification should be posted to The Vine to ensure that staff and schools are notified of the updated PAT Policy.
- The updated policy should be specifically sent to those staff with responsibility for health and safety checks at offices, homes and schools.

#### Responsible person/title

Nick Wright, Health and Safety Advisor

#### Target date

June 2019

#### Reference number

18-19-11-06

## Current year findings (7 of 7)

### Electrical Safety certificate

#### issuance

#### Control design

7

Low

#### Finding and root cause

Electrical safety certificates are not issued for two to three months until after the tests have been performed. In the interim, the Council are issued a letter by SSE stating that the test has been performed and passed. However, this letter is not always issued immediately after the test date and does not include the date when the test was completed. Internal Audit sampled fifteen locations for up to date electrical certificates and noted that for one of these, the Council had not yet received a certificate (two months post-test completion) and were therefore relying on the letter for proof of safety compliance. Internal Audit noted that this letter did not state the date of testing and therefore could not guarantee that this property had a full certificate history. If the Council had a formal contract with a dedicated contract manager from SSE, performance standards and reporting milestones could be set out and agreed for the completion and issuing of electrical safety certificates.

For context SSE are commissioned to carry out testing, complete all remedial work and certify sites are safe, issuing certificates; i.e. no outstanding Cat 1 or Cat 2 issues are left post SSE 'completing' work at a site.

#### Implications

If electrical safety certificates are delayed then the Council does not have complete records of current safety checks and any required remedial actions that were not addressed during the site visits. If the letter in lieu of the certificate does not state the date of test then the Council cannot be confident that testing records are up to date.

#### Action plan

The Council should:

- Request that all letters are issued with the date of the test as well as the test outcome status.
- Request for these letters to be distributed immediately after the testing is completed and agree on an appropriate timeline to receive the full certificate.

#### Responsible person/title

David Watts, Principal Officer, Corporate Property Maintenance

#### Target date

Completed

#### Reference number

18-19-11-07

## Appendix A: Basis of our classifications

Effect on Service	Embarrassment/ reputation	Personal Safety	Personal privacy infringement	Failure to provide statutory duties/meet legal obligations	Financial	Effect on Project Objectives/ Schedule Deadlines
<ul style="list-style-type: none"> <li>A finding that could result in a: <ul style="list-style-type: none"> <li>Major loss of service, including several important areas of service and /or protracted period. Service Disruption 5+ Days</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Adverse and persistent national media coverage</li> <li>Adverse central government response, involving (threat of) removal of delegated powers</li> <li>Officer(s) and/or Members forced to resign</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Death of an individual or several people</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>All personal details compromised/ revealed</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Litigation/claims/ fines from Department £250k +</li> <li>Corporate £500k +</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Costs over £500,000</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Complete failure of project/ extreme delay – 3 months or more</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>A finding that could result in a: <ul style="list-style-type: none"> <li>Complete loss of an important service area for a short period</li> <li>Major effect to services in one or more areas for a period of weeks Service Disruption 3-5 Days</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Adverse publicity in professional/municipal press, affecting perception/standing in professional/local government community</li> <li>Adverse local publicity of a major and persistent nature</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Major injury to an individual or several people</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Many individual personal details compromised/ revealed</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Litigation/claims/fines from Department £50k to £125k</li> <li>Corporate £100k to £250k</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Costs between £50,000 and £500,000</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Significant impact on project or most of expected benefits fail/ major delay – 2-3 months</li> </ul> </li> </ul>

Critical

High



<i>Effect on Service</i>	<i>Embarrassment/ reputation</i>	<i>Personal Safety</i>	<i>Personal privacy infringement</i>	<i>Failure to provide statutory duties/meet legal obligations</i>	<i>Financial</i>	<i>Effect on Project Objectives/ Schedule Deadlines</i>
<ul style="list-style-type: none"> <li>A finding that could result in a: <ul style="list-style-type: none"> <li>Major effect to an important service area for a short period</li> <li>Adverse effect to services in one or more areas for a period of weeks Service Disruption 2-3 Days</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Adverse local publicity /local public opinion aware</li> <li>Statutory prosecution of a non-serious nature</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Severe injury to an individual or several people</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Some individual personal details compromised/revealed</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Litigation/claims/fines from Department £25k to £50k</li> <li>Corporate £50k to £100k</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Costs between £5,000 and £50,000</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Adverse effect on project/ significant slippage – 3 weeks=2 months</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>A finding that could result in a: <ul style="list-style-type: none"> <li>Brief disruption of important service area</li> <li>Significant effect to non-crucial service area Service Disruption 1 Day</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Contained within section/Unit or Directorate</li> <li>Complaint from individual/small group, of arguable merit</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Minor injury or discomfort to an individual or several people</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Isolated individual personal detail compromised/revealed</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Litigation/claims/fines from Department £12k to £25k</li> <li>Corporate £25k to £50k</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Costs less than £5,000</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>A finding that could result in: <ul style="list-style-type: none"> <li>Minimal impact to project/ slight delay less than 2 weeks</li> </ul> </li> </ul>

**Medium**





**Low**

**Advisory**

A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

## Report classifications

The report classification is determined by allocating points to each of the findings included in the report.

<i>Findings rating</i>	<i>Points</i>	<i>Report classification</i>	<i>Points</i>
<b>Critical</b>	40 points per finding	 <b>Low</b>	6 points or less
<b>High</b>	10 points per finding	 <b>Medium</b>	7– 15 points
<b>Medium</b>	3 points per finding	 <b>High</b>	16– 39 points
<b>Low</b>	1 point per finding	 <b>Critical</b>	40 points and over

## Appendix B: Terms of Reference

### Background and Scope

The Council occupies or otherwise has landlord responsibilities for a number of buildings on the Island, for example Council offices and schools. This audit will review the arrangements the Council has in place, as below:

- *Compliance Registers*: confirming the Council has appropriate registers of the properties it is responsible for, with key information/evidence stored against each record; for example current gas and electrical safety certificates, supporting by up to date contracts with third parties to support compliance, for example regarding a programme of water testing.
- *Delivery*: confirming that the information in the registers and associated repositories is up to date, with action plans to address any issues identified through the risk register.
- *Oversight*: confirming that appropriate oversight is in place over the properties for which the Council has landlord responsibilities; for example regular reports are run from systems to confirm compliance, with any issues addressed or escalated.

### Control Objectives, Potential Risks and Summary of Fieldwork

#	Control objective	Potential risks	Summary of Fieldwork
1	<p><b>Compliance Registers</b> The Council has an appropriate register(s) of all properties, whether directly occupied by the Council or where it has landlord responsibilities, specifically including schools and residential homes/care facilities; this identifies (where applicable):</p> <ul style="list-style-type: none"> <li>• Location of the current gas safe certificate and when the certificate expires.</li> <li>• Location of the current electricity safety certificate and when the certificate expires.</li> <li>• The water risk rating for each property and when the next risk assessment is due.</li> <li>• The regime of water testing (temperature and tests for the presence of Legionnaires' disease) required as a result of the water risk rating, when the last test was carried out and when the next one is due.</li> <li>• When the last fire risk assessment was carried out and when the next one is due.</li> <li>• A set of approved risk based criteria for issues identified through fire risk assessments; each category has a defined timeframe within which it should be addressed.</li> </ul>	<p>If appropriate registers are not in place to identify, store relevant evidence and support ensuring that gas, electricity, water and fire safety expectations are complied with by the Council then it will be more likely that the Council will fail to comply with legal requirements.</p> <p>At a high level this will leave the Council open to fines and reputational damage. More specifically building occupants, including vulnerable individuals and children will be exposed to an increased risk of injury, illness and potentially death, due to insufficient preventative mechanisms being in place.</p> <p>If the Council does not have an appropriate set of contracts in place, to provide the services it requires to ensure its properties are safe, then it will be more likely that it will not be able to satisfy its responsibilities as a landlord.</p>	<p>Internal Audit will review the relevant registers(s) to confirm it provides for each property (where applicable):</p> <ul style="list-style-type: none"> <li>• A link to a copy of the current gas safety certificate.</li> <li>• A field to identify when the gas certificate expires.</li> <li>• A link to a copy of the current electricity safety certificate.</li> <li>• A field to identify when the electricity certificate expires.</li> <li>• A link to a copy of the last water risk assessment.</li> <li>• A field to identify when the next water risk assessment is due.</li> <li>• Functionality to maintain a record of the water testing regime and its results.</li> <li>• A link to a copy of the last fire risk assessment.</li> <li>• Functionality to maintain a record of progress regarding the action plan to address any issues stemming from safety assessments.</li> </ul> <p>Internal Audit will confirm that appropriate exercises are carried out to validate the completeness of the register; for example:</p>

	<p>Appropriate, current contracts are in place to source gas, electricity, water and fire testing services for the Council; contracts identify the expected level of performance and the dates during which the contracts are effective; signed copies of contracts are held by relevant Council services.</p>		<ul style="list-style-type: none"> <li>Running reports to validate the number of properties in registers.</li> <li>Confirming periodically with services that the number of properties listed for their areas are correct and there have been no changes to properties which impact on the Council's landlord responsibilities.</li> </ul> <p>Internal Audit will review the agreed criteria to rate risks identified from fire risk assessments to confirm:</p> <ul style="list-style-type: none"> <li>Criteria are quantified.</li> <li>Remediation timeframes for each risk category are identified.</li> <li>Criteria have been approved by management within the last 12 months.</li> </ul> <p>Internal Audit will confirm that:</p> <ul style="list-style-type: none"> <li>Current, signed copies of contracts are held by relevant Council services, covering gas, electricity, water and fire testing services for the Council.</li> <li>Contracts identify the expected level of performance.</li> </ul>
2	<p><b>Delivery</b> Current, valid gas safe certificates are in place, where required, for all properties where the Council has landlord responsibilities. Current valid electricity safety certificates are in place for all properties where the Council has landlord responsibilities. The regime of water risk rating is up to date. Where risk assessments identify that water testing (temperature and tests for the presence of Legionnaires' disease) is necessary, this is up to date. Where fire risk assessments are required these are up to date. An action plan is in place to address any issues identified through fire risk assessments; these are addressed in line with the timeframe for their risk category.</p>	<p>If gas, electrical and water equipment is not regularly inspected and certified as safe then there will be an increased risk of injury, illness or death for building occupants, including vulnerable adults and children.</p> <p>If the Council does not respond appropriately to issues identified through fire risk inspections then the risks will remain unaddressed, leaving building occupants, including vulnerable adults and children at risk of injury, illness or death.</p>	<p>Internal Audit will confirm for a sample of properties:</p> <ul style="list-style-type: none"> <li>Current, valid gas certificates are in place.</li> <li>Current, valid electricity safety certificates are in place.</li> <li>Current water risk assessments are in place.</li> <li>Where required water testing regimes are up to date.</li> <li>Where required fire risk assessments are up to date.</li> </ul> <p>Internal Audit will confirm on a sample basis that action plans to address issues stemming from safety assessments have been completed in a timely manner.</p>

<p><b>3 Oversight</b></p> <p>Regular reports are run from the register(s) of properties where the Council has landlord responsibilities; these:</p> <ul style="list-style-type: none"> <li>• Provide summary information, to confirm that the Council is complying with its responsibilities regarding gas, electrical, water and fire safety.</li> <li>• Any issues are identified on reports.</li> <li>• Reports are considered at regular management meetings and escalated by exception.</li> </ul> <p>An appropriate regime of oversight is in place for gas, electricity, water and fire testing contracts, in line with contract terms.</p>	<p>If an appropriate regime of oversight and reporting is not in place then any issues with the Council's compliance with landlord expectations may not be identified and addressed at the earliest opportunity.</p>	<p>Internal Audit will confirm on a sample basis that regular reports are run from register(s) of properties where the Council has landlord responsibilities that provide summary information, to confirm that the Council is complying with its responsibilities regarding gas, electrical, water and fire safety.</p> <p>Internal Audit will confirm on a sample basis that:</p> <ul style="list-style-type: none"> <li>• Any issues are identified on reports.</li> <li>• Reports are considered at regular management meetings and escalated by exception.</li> </ul> <p>Internal Audit will confirm on a sample basis that an appropriate regime of oversight is in place for gas, electricity, water and fire testing contracts, in line with contract terms.</p>
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## Appendix C: Limitations and responsibilities

<p><b>Limitations inherent to the internal auditor's work</b></p> <p>We have undertaken this review subject to the limitations outlined below</p>	
<p><b>Internal control</b></p> <p>Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.</p>	<p><b>Future periods</b></p> <p>Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:</p> <ul style="list-style-type: none"> <li>• The design of controls may become inadequate because of changes in operating environment, law, regulation or other changes; or</li> <li>• The degree of compliance with policies and procedures may deteriorate.</li> </ul>

### **Responsibilities of management and internal auditors**

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.