

Appendix – Leases Internal Audit Recommendation Update

Ref	Recommendation	Categorisation	Implementation Date	Update
1	<p>Procedures should be documented for the management of leases and licences, for properties not managed by Hodgson Elkington, once the process has been agreed.</p> <p>All documented procedures should include the date of review so that the latest version can be identified, when any revision to the procedure takes place.</p>	Medium	March 2013	<p>Procedures and standard templates are being developed alongside the development of the Flare data base referred to in ref 4 below. This will ensure they are in place for the preparation of new leases and for the renewal of existing leases, serving notices etc. Procedures will be documented in a service manual to enable staff to complete their duties as per the agreed process consistently.</p>
2	<p>The Scheme of Delegation should be reviewed and updated with appropriate titles in line with the changes in structure since the Scheme of Delegation for the Head of Assets was established in September 2010.</p> <p>The Council need to come to a decision whether the new process for determining market rent of leased properties is acceptable and that this can be approved by the Property Development Manager; or whether continued oversight of rent rates is required by the Section 151 Officer. The Scheme of Delegation should then be updated following this review.</p>	Medium	September 2012	<p>We have reviewed the Scheme of Delegation. It has been decided for the time being that due to the low volume of transactions that the Section 151 Officer will continue to have oversight of rent rates and lease renewals in general.</p> <p>This action is therefore complete.</p>
3	<p>Monthly reconciliation of the properties with which lease income is received should be undertaken to the revenues system to identify any properties leased or licenced, for which income is not being received.</p>	Medium	September 2012	<p>We receive on a monthly report from the revenues Collection Officer. Below is an extract of the covering e-mail issued with the reports.</p> <p>“Please find attached weekly</p>

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				<p>schedules of outstanding debtors at final notice stage – one for invoices & one for instalment plans. Please could you review the outstanding debts in your service area & please let us know within 7 days whether further recovery action (including cancellation of any instalment plans) should not take place.</p> <p>This information is shared with our managing agents- Hodgson Elkington at our regular management meetings.</p> <p>Further work is being undertaken to ensure we have full visibility of all leases, licences and agreements for which income is due.</p>

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4	<p>In order to identify all leases and licences held by the Council a review of each of the systems used should be undertaken to identify potential leases and licences (e.g. Asset Management, Legal, Finance, Revenues). These should then be investigated to determine whether they are current leases / licences with the aim of compiling a list of all current leases and licences. Following this review, any discrepancies found in other Council systems should also be resolved to ensure that they remain accurate and up to date.</p> <p>In addition, the Council may wish to work with an outside agency, such as the Land Registry, in an attempt to confirm the Council's current records and identify any discrepancies between the Land Registry and Council's records; however this will incur additional costs to the Council.</p>	High	March 2013	<p>Work has been undertaken to reconcile a register of all none Housing assets in each of the internal systems (Asset Management, Legal, Finance), to identify all assets owned by the council and determine leases and licences in place.</p> <p>This register is being reviewed during its compilation to determine the current position with any leases/ licences and resolve any discrepancies found to ensure it is accurate and up to date. The register is being populated with details such as lease renewal dates, break clauses and rent reviews to give full visibility of this information to enable future dates to be flagged to avoid them being missed.</p> <p>Work has also been undertaken to evaluate a property data system to allow all data held on individual properties to be linked together to allow ease of retrieval and alerts to be set to give visibility of future dates for events like lease expiry/ renewal. Rather than add to the proliferation of data bases within the council we have evaluated a data system developed within Flare, which is a Civica software product already operated and supported within the council.</p> <p>This work is the foundation upon which to deliver the actions to address the</p>

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				<p>key findings of this audit. The intention is to have the Flare data base populated with all leased property details by March 2013 the Flare data base is currently being built to our requirements and will be installed before the end of December 2012.</p>
5	<p>Hodgson Elkington's tenancy schedule should be reviewed at each management meeting to identify any discrepancies or errors between the records maintained by Hodgson Elkington and those maintained by the Council; these should then be investigated and rectified.</p>	High	On going	<p>This work is ongoing in reconciling the comprehensive data base referred to above. Any discrepancies are being worked through with internal colleagues in finance and legal as well as with our managing agents.</p>
6	<p>A record of all leases and licences issued by the Council should be established and maintained; this should record the details of each lease / licence and the property to which it relates to; allowing the expiry of leases and licences to be monitored.</p>	High	On going	<p>This recommendation is being covered by the note in ref 4 above.</p>