

# Final Internal Audit Report

## Fire Safety (Housing Stock)

### June 2020

**Distribution:** Executive Director of Place (Final Only)  
Director of Growth, Employment and Regeneration  
Interim Director of Homes and Social Investment  
Head of Capital Delivery for Homes and Schools  
Head of Responsive Repairs and Maintenance  
Compliance Manager

Assurance Level	Issues Identified	
Substantial Assurance	Priority 1	0
	Priority 2	1
	Priority 3	0

#### Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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## **1. Introduction**

- 1.1 Since the Grenfell Tower disaster in June 2017, it has been accepted that the fire regulations are not always the minimum standard for fire safety and that there must be a proper challenge so that controls are proportionate to the risk. Specifically in response to Grenfell, the Council has conducted a full review of all multi-storey cladding in place with actions (e.g. Sprinklers etc. being installed).
- 1.2 The Council has a duty under the Regulatory Reform (Fire Safety) Order 2005, to carry out a Fire Risk Assessment (FRA) on all blocks of Housing Stock encompassing flats and respective communal areas. FRA's are due annually for high risk properties, every two years for medium assessed properties and every three years for low risk.
- 1.3 The FRAs make recommendations on areas of improvement on fire safety and the priority for each item. These assessments are intended to highlight identified hazards but also give direction to conduct further more detailed investigations into specific areas of the buildings and to consider the best course of action. In the Housing Strategy, the Council agreed to improved fire safety in its housing stock by providing staff with accredited training for carrying out FRAs.
- 1.4 The Council previously engaged two contractors under the frameworks that the Council uses to conduct FRA's; however, due to unsatisfactory performance the services of these contractors had not been renewed. As an interim measure, the Council is in the process of procuring a 9 month Fire Risk Assessment contract with two external providers before procuring a longer term OJEU compliant contract. At the time of our audit the interim procurement has progressed past the RP3 stages and legal advice is being taken prior to the final contracts being drafted
- 1.5 In order to address several housing blocks that are overdue for FRA (due in July and August 2019) ad-hoc orders for several of these blocks have been placed and it is planned for the remainder to undergo FRA when the interim FRA contract is agreed. As at November 2019, of the overdue FRA only one was not assessed as high risk. Due to the measures being taken, an issue relating to this has not been raised in this report but it is important the Council ensure this continues to be monitored to ensure all FRAs are brought up to date in a timely manner.
- 1.6 The audit has not included a full end-to-end review of systems and processes in respect of FRA but focused on key controls outlined in Appendix 1. This audit has not been undertaken by a Health and Safety specialist.

## **2. Key Issues**

### **Priority 2 Issue**

A standardised reporting and recording system was not in place for fire incidents in Council owned housing stock. **(Issue 1)**

No Priority 3 issues have been identified.

3. Action and Key Findings/ Rationale

<b>Control Area 5: Management Information and Reporting</b>						
<b>Priority</b>	<b>Action Proposed by Management</b>	<b>Detailed Finding/Rationale – Issue 1</b>				
2	<p>There is a form on which to record major incidents, this is not specific to fire incidents.</p> <p>The compliance team would like to introduce a system whereby fires are logged in a central location.</p>	<p>Incident reporting and recording helps staff to identify potential failures of fire safety procedure and modify procedure to prevent recurrence. This allows for incidents to be escalated appropriately and when necessary, allows for ‘lessons learned’ to be incorporated into fire safety training for staff, thus enhancing the effectiveness of training.</p> <p>Discussion with the compliance team established that the Council did not have a standardised reporting and recording system in place for fire incidents in Council owned housing stock. When the team is notified of an incident by email or in writing, this may be informally retained, but many incidents are reported verbally or by telephone, leaving no record, and the majority are not reported at all. The compliance team did; however, state that they are planning to introduce a formal incident reporting and recording mechanism in the future.</p> <p>It is acknowledged that where repairs and other remedial works are required that these will be recorded on the individual property records.</p> <p>Where fire incidents are not centrally recorded, there is a risk that, even when incidents are reported, these may not be escalated appropriately, leading to insufficient remedial measures, and that trends in fire incidents may go unnoticed. This means that possible opportunities for improvement of fire safety procedures or infrastructure may be missed.</p>				
	<table border="1"> <thead> <tr> <th><b>Responsible officer</b></th> <th><b>Deadline</b></th> </tr> </thead> <tbody> <tr> <td>Compliance Manager</td> <td>31 August 2020</td> </tr> </tbody> </table>	<b>Responsible officer</b>	<b>Deadline</b>	Compliance Manager	31 August 2020	
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Compliance Manager	31 August 2020					

## **TERMS OF REFERENCE**

### **Fire Safety (Housing Stock)**

#### **1. INTRODUCTION**

- 1.1 Since the Grenfell Tower disaster in June 2017, it has been accepted that the regulations are not always the minimum standard for fire safety and that there must be a proper challenge that controls are proportionate to the risk.
- 1.2 The Council has a duty under the Regulatory Reform (Fire Safety) Order 2005, to carry out a Fire Risk Assessments on all blocks of Housing Stock. In the Housing Strategy, the Council agreed to improved fire safety in its housing stock by providing staff with accredited training on carrying out fire risk assessments. The Fire Risk Assessments make recommendations on areas of improvement on fire safety and the priority for each item. These assessments are intended to highlight identified hazards but also give direction to conduct further more detailed investigations into specific areas of the buildings and to consider the best course of action.
- 1.3 The Council's approach to fire safety and management in its housing stock, including communal areas, must be compliant with the following fire legislation:
  - The Regulatory Reform (Fire Safety) Order 2005;
  - The Housing Act 2004;
  - Building regulations 2010; and
  - The Local Government Guide "Fire Safety in Purpose Built Blocks of flats" 2011.
- 1.4 This audit was conducted as part of the agreed Internal Audit Plan for 2019-20.

#### **2. OBJECTIVES AND METHOD**

- 2.1 The overall audit objective was to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit for each controls / process being considered:
  - Walked-through the processes to consider the key controls;
  - Conducted sample testing of the identified key controls, and
  - Reported on these accordingly.

#### **3 SCOPE**





- 3.1 This audit examined the Council's arrangements for fire safety in its housing stock and included the following areas:

Control Areas/Risks	Issues Identified		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Management and Organisational Requirements	0	0	0
Fire Risk Assessments	0	0	0
Fire Fighting Facilities & Infrastructure	0	0	0
Fire Inspections & Follow-up activities	0	0	0
Management Information and Reporting	0	1	0
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>0</b>

## DEFINITIONS FOR AUDIT OPINIONS AND IDENTIFIED ISSUES

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are consistently applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage.

Priorities assigned to identified issues are based on the following criteria:

<b>Priority 1 (High)</b>	Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk.
<b>Priority 2 (Medium)</b>	Control weakness that represent an exposure to risk and require timely action.
<b>Priority 3 (Low)</b>	Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice.

## STATEMENT OF RESPONSIBILITY

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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