



KARBON HOMES GROUP

Responsive Repairs

REVISED FINAL Internal Audit Report 10.24/25

22 April 2025

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AUDIT OUTCOME OVERVIEW

In line with our scope, included at Appendix B, the overview of our findings is detailed below.

Conclusion: Our audit identified that the Group has a formal process in place for managing responsive repairs, and this is known by relevant staff members. A clear reporting process is in place to ensure management has oversight of responsive repairs, though we did note discrepancies between the reported data and underlying data (with this issue already been known to the Group and in the process of being rectified). Testing identified a backlog of live repairs which has resulted in a large number of repairs not being completed in the allocated timeframe. However we have confirmed that work is underway to rectify this, and the backlog status is reported to Group Board. Discussion with the Assistant Director – Operations and Support Services during the debrief meeting established that we would not raise a management action regarding this, but would highlight the issue within our report and consider this when providing our internal audit assurance opinion.

As a result of our audit, we have agreed a total of **six medium** and **two low** priority management actions. They are split between joint actions as well as individual actions for each organisation. We have agreed **one medium** and **one low** priority joint management actions, **two medium and one low** priority management actions for Karbon Homes, and **three medium** priority management actions for 54North Homes. Due to the differences in processes, we have provided two separate opinions for Karbon Homes and 54North Homes as reflected in the graphics below.

Internal audit opinion: **Karbon Homes**


Minimal Assurance


Partial Assurance


Reasonable Assurance


Substantial Assurance

Taking account of the issues identified, the board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).

54North Homes


Minimal Assurance


Partial Assurance


Reasonable Assurance


Substantial Assurance

Taking account of the issues identified, the board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).

Audit themes:

Policy

A Repairs and Maintenance Policy is in place covering both organisations. However, we noted that the policy is overdue a review which was scheduled to be completed in June 2024, though the Director of Assets and Growth (54North Homes) confirmed a review is underway. Furthermore, we also identified that the Policy does not accurately reflect 54North's current position, as reference to York Housing Association (YHA) is included instead. Lack of up to date Policy documentation creates risk that staff are not aware of current procedures. **Medium**

Capita system

The Capita system is used by the Group to record and log repair jobs, with a full audit trail available. Jobs are assigned priorities and records are updated once work has been completed. However, a review of jobs raised by both organisations identified discrepancies with the timely logging of out of hour repair jobs, and ensuring these are accurately recorded and marked as complete, creating risk that the Group is not aware of the status of its repairs backlog. **Medium** We also noted instances where emergency repair jobs at 54 North were being incorrectly recorded, **Medium** or not completed within the target timescale. **Medium**

Prioritisation of repair work

We confirmed clear priorities are in place and used by the Group to assess the importance and severity of work, though noted minor discrepancies for five 54North Homes repair jobs and the assignment of priorities, creating risk that jobs are not actioned appropriately. **Medium**

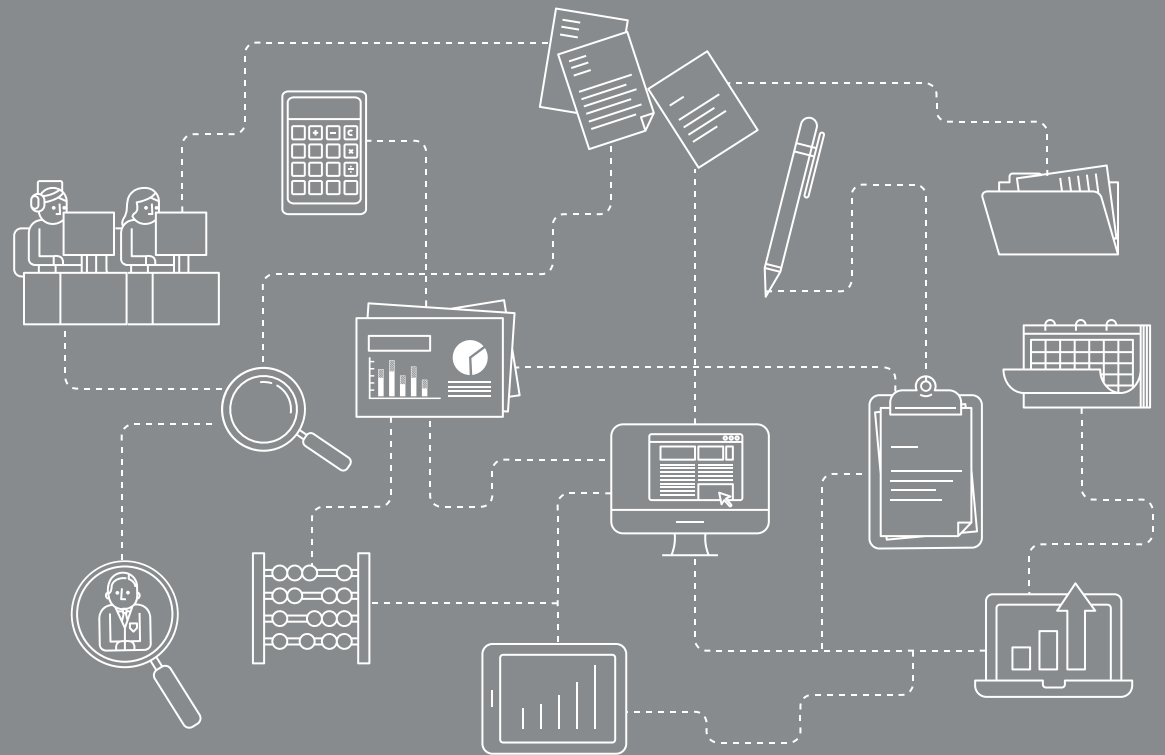
Backlog of live repairs

Karbon Homes have identified that they have a backlog of live repair jobs, with this being initially reported to Board in 2023. Resources have been provided to address the backlog, and we confirmed reporting is undertaken to Board to update them on progress. The most recent update highlighted improvements, with acknowledgement that there is still a backlog.

Staff Utilisation

We noted that a report has been requested from IT to monitor staff utilisation, however this has not been provided and as such the Group does not currently have a structured approach to ensuring utilisation is as high as possible. **Medium**

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SUMMARY OF MANAGEMENT ACTIONS

The action priorities are defined as*:

High

Immediate management attention is necessary.

Medium

Timely management attention is necessary.

Low

There is scope for enhancing control or improving efficiency.

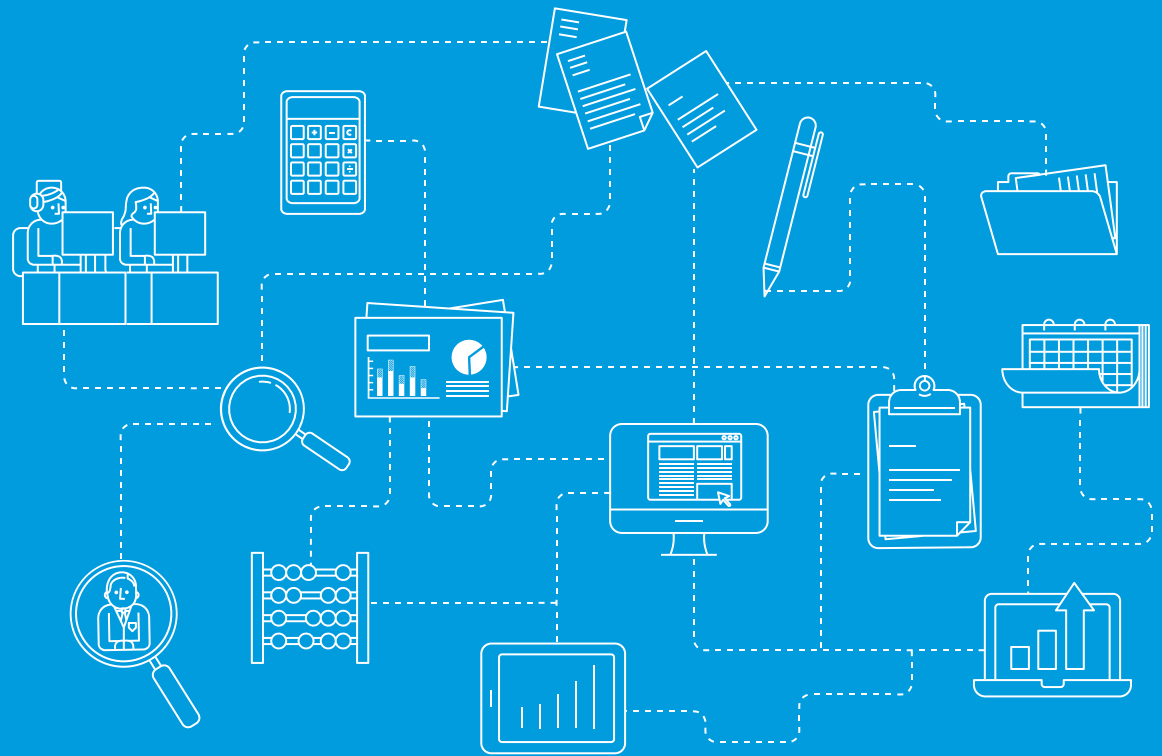
Ref	Action	Priority	Responsible Owner	Date
1	Karbon Homes and 54North Homes Management will ensure the Repairs and Maintenance Policy is reviewed and approved by the Karbon Management Team. The policy will also be updated to reference 54North Homes.	Medium	Assistant Director - Operations and Support Services	31 July 2025
2	Karbon Homes The Group will review the process for raising out of hour repair jobs and managing completed contractor jobs to ensure jobs are raised and closed in a timely manner.	Medium	Head of Operations (Responsive Repairs)	30 September 2025
3	54North Homes With the change in process in April 2025, staff will be reminded of the importance of assigning the correct priority given the information provided by the customer.	Medium	Assistant Director of Repairs and Asset Maintenance, Head of Karbon Property Solutions	30 June 2025
4	54North Homes Staff will be reminded of the procedure for raising and cancelling repair jobs, and ensuring that the completion date for all jobs is accurate within Capita.	Medium	Assistant Director of Repairs and Asset Maintenance	30 June 2025
5	Karbon Homes The Scheduling Manager will review emergency jobs on a weekly basis to ensure these have been acted upon in a timely manner and correctly processed within Capita.	Low	Scheduling Manager	30 June 2025
6	54North Homes The use of target timeframes will be reviewed to understand whether these are being set correctly, or can be adjusted to provide incorrect information.	Medium	Assistant Director of Repairs and Asset Maintenance	30 April 2025
7	Karbon Homes	Medium	Assistant Director – Operations and Support Services	31 July 2025

* Refer to Appendix A for more detail

Ref	Action	Priority	Responsible Owner	Date
	Once the outstanding report from the IT Team has been received, management will ensure that staff utilisation and productivity is assessed to identify any bottlenecks and potential efficiency improvements.			
8	Karbon Homes and 54North Homes Once the new model for calculating performance metrics has been created, this will be used to report management information TSMs.	Low	Business Performance Manager	31 July 2025

Appendices

03



APPENDIX A: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings

Low

There is scope for enhancing control or improving efficiency.

Medium

Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.

High

Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Risk	Control design not effective*	Non-compliance with controls*	Agreed actions		
			Low	Medium	High
Stock decency	1 (35)	9** (35)	2	6	0
Total			2	6	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

** We have raised actions which cover multiple instances of control non-compliance.

APPENDIX B: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following risk:

Objective of the risk under review	Risks relevant to the scope of the review	Risk source
To determine whether the Group has effective controls and processes in place to manage responsive repairs arrangements, ensuring these are carried out in a timely manner and to a satisfactory standard.	Sector Risk Profile 2023: Stock decency	Sector Risk Profile

When planning the audit, the following were agreed:

Areas for consideration:

- The Group has a policy in place covering reactive repairs and maintenance, which is available to both tenants and staff and is reviewed and approved on a regular basis.
- Written procedures are in place to outline the requirements of the Group's repairs and maintenance obligations.
- Training has been provided to relevant staff that have responsibility for repair diagnosis, scheduling and planning.
- There is an electronic repairs system in place to log, track and report upon repair requests and to keep a clear record of contacts with customers regarding repair requests.
- Consideration of how the electronic repairs system interfaces with other job scheduling systems to ensure no jobs are missed or delayed, and tasks are allocated accordingly across the organisation.
- We will select a sample of emergency, urgent, and routine repairs raised over the last six months by tenants to determine whether:
 - Jobs were raised and categorised in accordance with established procedures and allocated the correct priority timescale;
 - Jobs were attended in a timely manner;
 - Jobs were completed right first time, or 'made safe' and further appointments scheduled, where repairs could not be completed on the first visit; and
 - Jobs have been categorised correctly as an emergency repair as per policy, where applicable.
- We will endeavour to use our data analytics software to confirm the following against the Group's policy:
 - Any jobs raised as emergency have been correctly categorised;
 - All jobs are assigned priority timescales; and

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- All jobs have been attended within the required timeframe.
 - Where it is not possible to gain access, there is clear audit trail retained on the system to evidence the Group's compliance with no access procedures.
 - Review of the allocation of works to the appropriate staff based on the repair type and the processes used to manually allocate jobs where repairs could not be carried out at first appointment.
 - How information of staff utilisation is assessed and reported, including methods to support the reduction of non-productive time.
 - Only approved contractors are used to complete repair jobs
 - Repairs spend is reviewed on a regular basis and is monitored against budget.
 - Performance / budgetary information is reported through the Group's governance structure, including the completion of repairs against target and levels of overdue repairs.
 - The production and review of information reported as part of the Tenant Satisfaction Measures in relation to property quality. We will specifically consider RP01(01): proportion of non-emergency repairs completed within the landlord's target timescales and RP01 (02): proportion of emergency repairs completed within the landlord's target timescale.

Limitations to the scope of the audit assignment:

- The scope of the work will be limited to those areas examined and reported upon in the areas for consideration in the context of the objectives set out for this review.
- Conclusions are based on our assessments made through discussions with management, assessment of the current framework.
- Testing will be completed on a sample basis from transactions within the current financial year.
- We will not provide an opinion on whether the Group complies with health and safety legislation.
- We will not comment on whether the procedures incorporate the most up to date legislation, only that processes exist to identify and incorporate any changes.
- We will not comment on the skills and qualifications of those who have performed repairs.
- We will not comment on the utilisation of operatives.
- We will not comment on the procurement and selection of contractors who undertake repairs on behalf of the Group.
- We will not confirm properties have been maintained in accordance with the Decent Homes Standard.
- Our review will not consider the statutory requirements that provide for the health and safety of occupants in their homes.
- We will not consider void repairs as part of this review.
- We will not confirm that the correct quantities or types of materials or stock orders have been acquired for any selected repairs, nor will we confirm that stock quantities maintained by operatives are suitable.
- We will not comment on the costs associated with jobs.

- All testing will be compliance-based sample testing only.
- All tests run using our data analytics software package will be dependent on the quality of reports extracted from repairs and maintenance systems.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Debrief held 11 March 2025 (Karbon Homes)
21 March 2025 (54North Homes)
Draft report issued 8 April 2025
Responses received 17 April 2025

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