



KARBON HOMES

Landlord Health and Safety Compliance

FINAL Internal Audit Report: 3.25/26

17 September 2025

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CONTENTS

Audit outcome overview3

Summary of management actions7

Appendices

Appendix A: Categorisation of findings12

Appendix B: Scope13

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 clear schedule of compliance checks for each area, with properties assigned to an electronic schedule of inspections that enables clear monitoring. Data analysis for each compliance area noted no significant issues, though a small number of discrepancies were identified for fire safety checks for 54North Homes, that we have agreed a management action for.

Sample testing for each compliance area did not identify any instances where source documentation was not available, or contained data (such as completion dates) that does not align with the Group's systems. Where remedial actions have been identified, we confirmed jobs have been raised and have either been completed or were in progress.

As a result of our testing, we have agreed **one low priority** management action, covering 54North Homes. It should be noted that we also identified that 54North Homes have a backlog of fire risk assessment (FRA) actions. Whilst we haven't raised a management action for this as it is being addressed and has been reported internally, further detail has been included both within the audit themes below, and the detailed findings in section two for additional clarity.

Two assurance opinions have been provided, though it should be noted that this is the same opinion for both entities. An assurance opinion for Leazes Homes has not been provided, and has instead been incorporated into the opinion for Karbon Homes.

Internal audit opinion: Karbon Homes and 54North Homes



Minimal Assurance



Partial Assurance



Reasonable Assurance



Substantial Assurance

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

Audit themes: Policies and Procedures

- Policies are in place for all six key compliance areas. Each policy provides a breakdown of the key roles and responsibilities, processes, and procedures.

Electronic Schedule of Inspection

- The Group utilise Compliance365, Capita and internal trackers to monitor compliance across the six key compliance areas. Review of these systems confirmed that they are in place and are used to monitor and manage the respective compliance areas.

Karbon Homes and Leazes Homes: Data Analytics

- Data analysis undertaken for each of the six compliance areas noted two sets of discrepancies. For electrical safety, we noted that whilst the Group has a five-year timeframe for each property, this is still in the process of being embedded. We confirmed that this is known by management, and clear progress has been made over the last 18 months to align with this timeframe (with non-compliant properties dropping from 3,790 in January 2024, to 639 in June 2025). As such we have not raised a management action.

54North Homes: Data Analytics

- Data analysis undertaken identified discrepancies for electrical, gas and fire safety checks. Rationale was provided for the discrepancies regarding electrical and gas safety checks. For three fire risk assessment (FRA), we noted there was no date within the compliance system to indicate when they had been completed. Management confirmed the FRA had been completed, and the lack of a date was due to these properties being legacy York Housing Association (YHA) properties that had not been actioned within the C365 system. **(Low)**

Remedial actions

- Actions raised as part of compliance checks and inspections are recorded on the Group's systems and tracked to completion. As part of sample testing, we confirmed that remedial actions had been logged and were either completed or were in the process of being completed. We noted no instance where remedial actions had not been completed within the required timeframe.

Reporting

- Compliance reporting is undertaken and provided to management at both Karbon Homes and 54North Homes. However, we did note that for 54North, there are a large number of overdue FRA actions that have been reported, which could increase the risk that properties could be unsafe. We have not raised a management action to address this as work is currently underway to resolve the actions and this has been reported internally via the annual Health and Safety Board. We have instead decided to document this within the detailed findings to ensure the Group Audit and Risk Committee are made aware. Management confirmed that work to address this backlog is being supported by additional capacity in the form of a second Compliance Fire Officer, but that some actions could take longer than anticipated in the event of delays with certain properties.

Tenant Satisfaction Measures (TSM)

- We confirmed that TSMs are calculated on a monthly basis and cover all six compliance areas apart from electrical safety (as this is not specified by the Regulator of Social Housing). We re-calculated the figures for each and confirmed they had been calculated accurately based on the data available.

Fire Safety

- Sample testing of domestic Karbon Homes, Leazes Homes and 54North Homes properties confirmed that source documentation (a FRA) was on file in all instances, with dates matching those recorded on the Group's systems.

Gas Safety

- Sample testing of domestic and commercial properties for Karbon Homes, Leazes Homes and 54North Homes confirmed that source documentation was on file in all instances, with dates matching those recorded on the Group's systems.

Electrical Safety

- Sample testing of domestic properties for Karbon Homes, Leazes Homes and 54North Homes confirmed that source documentation (an electrical installation condition report (EICR)) was on file in all instances, with dates matching those recorded on the Group's systems.

Lift Safety

- Sample testing of lift systems installed in properties for Karbon Homes, Leazes Homes and 54North Homes confirmed that source documentation was on file in all instances, with dates matching those recorded on the Group's systems.

Asbestos

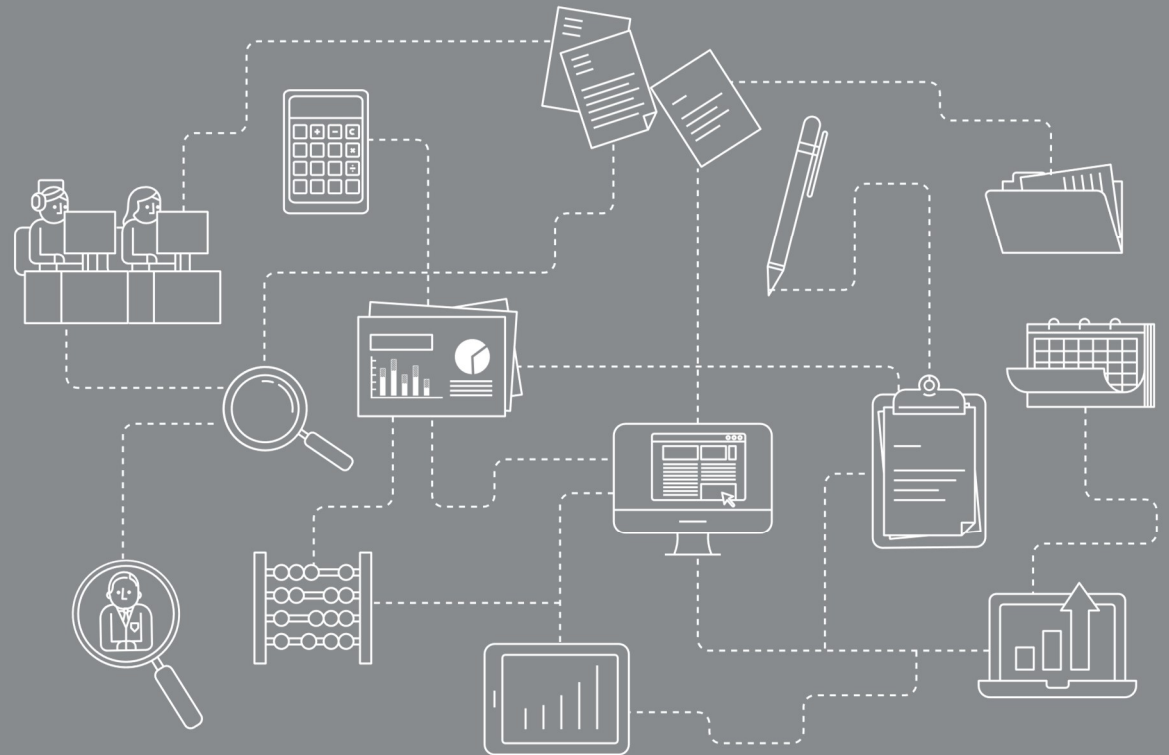
- Sample testing of communal properties with asbestos for Karbon Homes, Leazes Homes and 54North Homes confirmed that source documentation was on file in all instances, with dates matching those recorded on the Group's systems.

Water Safety

- Sample testing of communal properties for Karbon Homes, Leazes Homes and 54North Homes confirmed that source documentation for water hygiene risk assessments were on file in all instances, with dates matching those recorded on the Group's systems.

Summary of Actions for Management

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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.

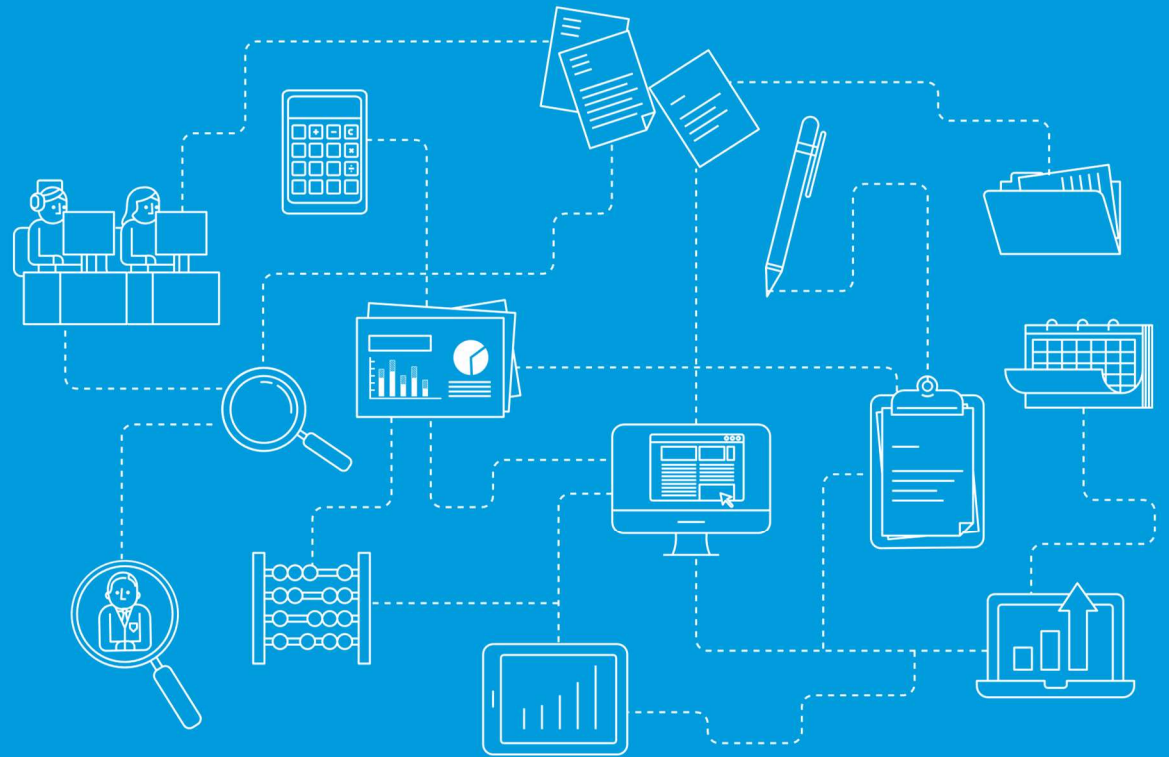
Low
There is scope for enhancing control or improving efficiency.

Ref	Action	Priority	Responsible Owner	Date
MA1	54North Homes The Compliance Team will ensure that the date for any completed fire risk assessments (FRAs) are recorded within the relevant compliance systems.	Low	Compliance and Facilities Manager	31 December 2025

* Refer to Appendix A for more detail

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
4.1a: Health and Safety Compliance - Property-related and other external compliance	0 (24)	1 (24)	1	0	0
Total			1	0	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.

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 review	Risks relevant to the scope of the review	Risk source
To determine whether the Group has effective processes and systems in place to manage its responsibilities for applicable properties in respect of six landlord compliance areas.	4.1a: Health and Safety Compliance - Property-related and other external compliance	Strategic risk register

When planning the audit, the following were agreed:

Areas for consideration:

- Our review will focus on the following six compliance areas for Karbon Homes, Leazes Homes, and 54North Homes:
 - Fire safety (communal only);
 - Gas safety (domestic and communal);
 - Electrical safety (domestic only);
 - Lift safety (communal only);
 - Asbestos management (communal only); and
 - Legionella (communal only).
- Whether there are policies and procedures in place covering each compliance area and they are maintained, up to date, formally approved, and available to staff. We will also consider whether roles and responsibilities are clearly outlined.
- Whether an electronic schedule of inspections / checks is in place, containing key compliance data (i.e. the date of the last inspection) for each property.
- We will undertake sample testing for each compliance area to confirm that documentation is on file, and details match the data held in the system.
- We will use data analytics software to identify compliance outliers. Areas will include properties which have exceeded the set renewal date, and properties that do not have an inspection / check date.
- For each compliance area, we will review how remedial actions are identified, recorded on the system, and tracked to completion. As part of our sample testing, we will consider whether these actions have been completed, and in a timely manner.
- Whether reporting is undertaken to senior management and the Board to ensure they are made aware of current compliance levels.
- We will consider how data is used to produce the tenant satisfaction measures (TSM) covering landlord compliance. We will specifically consider:
 - BS01 - Proportion of homes for which all required gas safety checks have been carried out;
 - BS02 - Proportion of homes for which all required fire risk assessments have been carried out;
 - BS03 - Proportion of homes for which all required asbestos management surveys or re-inspections have been carried out;

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- BS04 - Proportion of homes for which all required legionella risk assessments have been carried out; and
 - BS05 - Proportion of homes for which all communal passenger lift safety checks have been carried out.

The following limitations apply to the scope of our work:

- Our testing will solely focus on the above areas only.
- We will not review the whole control framework for each compliance area. Therefore, we will not provide assurance on the entire control framework.
- We will not comment on whether policies and procedures incorporate the most up to date legislation, only that processes exist to identify and incorporate any changes.
- We will not confirm the Group is compliant with any legislation or regulation. We will not confirm the safety of properties sampled, only that records are retained on file to confirm compliance.
- We will not confirm that checks / inspections have been completed correctly, only that records are retained on file to confirm compliance.
- The audit does not replace the requirement for any external / independent inspections required by law.
- We will not comment on the quality, condition, or safety of homes.
- We will not comment on the use of any third parties or contractual arrangements.
- We will not comment on the appropriateness of remedial actions or whether they have been fully completed, only that there is a process in place to track them and there is documentation on file.
- We will not provide assurance that building records are complete.
- We will not provide assurance that all remedial actions have been identified.
- The results of our work are reliant on the quality and completeness of the information provided to us.
- We will review how the Group produces and checks the information supplied as part of the TSM reporting. We will not consider the full TSM framework nor will we comment on the accuracy or methodology to produce TSM requirements.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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