

Memo

My ref
Your ref

From	Paul Davis	Date	18/03/2009
Title	Assistant City Treasurer (Audit and Procurement)	Ext	5612825
Service	City Treasurer's		
Subject	Review of Lease Management Arrangements		
To	Phil Barrett, Director of Development and Regeneration		
Copied to	Colin Clark, Head of Land and Property		

A report was presented to the Audit and Governance Committee on 30th September 2007 regarding a review by the Audit Commission of the lease management arrangements within Property Services. The review highlighted the following matters for improvement:

- The adoption of a rent concessions policy.
- The use of private sector rent comparators.
- Improved timescales for completing rent reviews, and monitoring compliance with lease terms.

As requested by the Audit and Governance Committee, an internal audit has been undertaken with the aim of reporting to management on progress in relation to these areas.

From the audit work undertaken I can confirm that:

- A rent concessions policy is in place, approved by Cabinet, and procedures have been updated to reflect the new policy. These updated procedures have been issued to relevant staff.
- Written procedures have been updated to include the requirement to obtain private sector rent comparators when completing rent reviews. A sample review of rent reviews confirmed that these procedures are being followed in practice.

- Although rent reviews have been taking a considerable amount of time to complete, a system has been put in place to monitor progress relating to identified stages in reviews and to escalate cases in order to seek to ensure that they are completed in a timelier manner. Detailed recommendations have been made to strengthen these arrangements further.
- Written procedures have been developed for the review of compliance with lease terms, with standard documentation and timescales linked to the rent reviews.

In summary, satisfactory improvements have been made in all of the identified areas however the extent to which they are embedded within the service cannot be assessed until an appropriate time period has elapsed. As such, it is proposed that further work will be undertaken in 12 months in this regard.

Internal Audit Services will continue to provide support and advice as necessary.



Paul Davies
Assistant City Treasurer (Audit and Procurement)