

<p>Management of Commercial Property Portfolio</p> <p>Systems Audit</p>	<p>Jan. 2009</p>	<p>This audit reviewed the arrangements in place for managing the Council's commercial property portfolio of 293 commercial units. The total annual income raised from commercial rents is approximately £2.1M. The audit identified the following issues:-</p> <ul style="list-style-type: none"> <li>• There was a high level Asset Management Plan, which governed the management of the Council's property portfolio. However, there were no documented policies and procedures in place which specifically dealt with the operational aspects of managing and controlling commercial portfolio. In the absence of procedural guidelines, there was a risk of inconsistent working practices leading to errors, omissions, irregularities and fraud. For example, instructions were being issued for lease renewals and assignments to Legal Services by Property Officers who did not have the appropriate authority.</li> <li>• We noted that a number of leases were assigned whilst the former leaseholders had outstanding rent arrears. Similarly, there was a risk of leases being renewed despite breaches of the lease terms and conditions, some of these had financial implications for the Council as the renewed leases were in the area earmarked for demolition. We were advised that there were no policy or procedures for rent reviews. Our analysis of the property database showed that of the 259 records shown, rent reviews were overdue in 90 cases, and in a further 52 cases rent review dates were not entered on the system.</li> <li>• Of the total annual value for commercial rents of £2.1M, the level of rent arrears amounted to £964,441 on a cumulative basis with the oldest debt dating back to 1995/96.</li> </ul> <p>All findings and recommendations were agreed with the Service Head – Property Services.</p>	<p>£2.1M</p> <p>**</p>	<p>Nil</p> <p>*</p>
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