

FINAL INTERNAL AUDIT REPORT

EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

INTERNAL AUDIT OF THE HOUSING REGISTER FOR 2017-18

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Date of Issue: 2nd January 2019

Report No.: ECHS/11/2017/AU

REVIEW OF THE HOUSING REGISTER FOR 2017-18

INTRODUCTION

1. This report sets out the results of our systems based audit of the Housing Register for 2017-18. The audit was carried out in quarter 1 & 2 of 2018-19 as part of the programmed work specified in the 2017-18 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 4th June 2018.
4. The Authority does not have its own housing stock and has outsourced this service to Housing Associations via nomination agreements.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.

AUDIT OPINION

6. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

7. Controls noted to be in place and working well, based on the sample testing conducted, included:
 - An up to date housing allocation scheme was available on Bromley Homeseekers internet page detailing how the housing associations (HA) housing stock is distributed.
 - A visiting officer (VO) undertakes sample visits of applicants who wish to join the housing register and those currently on the housing register. Reports are compiled from these visits detailing current applicant details, identification and other official documentation seen whilst onsite.

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- A log is maintained of all visits undertaken by the VO.
- Properties for bidding are available to view by applicants on the Bromley Homeseekers internet page.
- Evidence that HAs contact the Authority where queries arise with nominations.

However, we would like to bring to management attention the following issues:

- Nomination agreements were not in place for all Housing Associations (HA) that the Authority works with. For the sample of five Housing Associations (HA) no nomination agreements were in place.
- The Bromley Homeseekers application forms and the internet page was not Data Protection Act 2018 (DPA 2018) or General Data Protection Regulation (GDPR) compliant.
- There was no evidence of data sharing agreements in place between the Authority and the HA's.
- HAs did not consistently inform the Authority when nominations for properties were accepted.
- A visit form was not being signed by the VO on completion of the form.
- Verification forms do not clearly demonstrate when approval of the form is required.
- There is no procedure note for the completion of visits and what information is to be obtained.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

8. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

9. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

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DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
1.	<p><u>Nomination Agreements</u></p> <p>A nomination agreement should be in place between each Housing Association (HA) that provides housing stock to the Authority. The agreement sets out the roles, responsibilities, expectations and agreement terms of the business arrangement. It should also detail data sharing arrangements to help ensure compliance with the DPA 2018 (and subsequently the GDPR).</p> <p>A list of 19 HA’s who currently provide housing stock to the Authority was provided by the Head of Allocations and Accommodation. A sample of five HA’s was selected, signed nomination agreements between the HAs and the Authority were not available for the sample.</p> <p>The nomination agreement obtained for the main provider of housing stock for the Authority, was for two years from January 2016. The agreement expired in January 2018. Examination of the agreement noted that this did not explicitly detail compliance with the DPA 2018, i.e. how data will be obtained, length of storage and how information will be processed. There is no current nominations agreement in place for this provider.</p> <p>Nomination Agreements are not legally binding contracts but do set out expectations between the Authority and the HAs.</p>	<p>Where nomination agreements are not in place between the HAs and the Authority, there is a risk that HAs cannot be held to account where they do not meet intended expectations.</p> <p>Furthermore, The Authority cannot be assured that the HAs are DPA 2018 compliant and there is a risk that The Authority may receive fines from the ICO in addition to reputational damage.</p>	<p>Signed nominations agreements should be in place for all HAs the Council deals with.</p> <p>(Priority 2)</p>

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2.	<p><u>DPA 2018 – GDPR Compliance Applications</u></p> <p>Guidance regarding the DPA 2018 on the ICO website details that, <i>‘Individuals have the right to be informed about the collection and use of their personal data. This is a key transparency requirement under the GDPR. You must provide individuals with information including: your purposes for processing their personal data, your retention periods for that personal data, and who it will be shared with. We call this ‘privacy information’.</i></p> <p>Applicants for the housing register apply via the Bromley Homeseekers webpages. At the end of the application, there is a brief note that third parties may process the information provided; however, no further information was included (such as, for how long information will be retained for and how information will be processed).</p> <p>It was noted that a privacy statement was included on the Bromley Homeseekers internet page, but this did not specify how long information would be retained.</p>	<p>Where appropriate privacy notices are not in place, there is a risk that the DPA 2018 is not being complied with and of consequent reputational damage and fines being imposed by the ICO.</p>	<p>The Housing department should ensure that the application forms for the Housing Register clearly state how information will be processed, stored and shared.</p> <p>The Bromley Homeseekers internet page should be revised to be DPA 2018 (and therefore GDPR) compliant.</p> <p>(Priority 2)</p>

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No.	Findings	Risk	Recommendation
3.	<p><u>Data Sharing Agreement</u></p> <p>A data sharing agreement should be in place between the Authority and each HA documenting how information will be, for example, used, shared and stored.</p> <p>The Authority has nomination agreements in place with some of the HAs that provide the Council with housing stock. Examination of a nomination agreement provided by the Head of Allocations and Accommodation (Head of A&A) found that these did not include any of the details expected in a data sharing agreement, i.e. detailing how information will be managed.</p>	<p>Where there is no data sharing agreement in place between The Authority and its third parties, there is a risk that information will not be shared in accordance with the DPA 2018 and The Authority may incur a fine from the ICO.</p>	<p>Data sharing agreements, unless included in the nomination agreements, should be in place between the Authority and all HA's that provide housing stock.</p> <p>(Priority 2)</p>

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4.	<p><u>Removal of Placements from the Housing Register</u></p> <p>The nomination agreements should clearly set out expectations of both counterparts to ensure that both parties are aware of their responsibilities.</p> <p>The nominations agreements do not currently state that once a nomination has been accepted for a property that the HA is required to notify the Authority so that the applicant is removed from the housing register.</p> <p>The Head of A&A advised that on occasion, the HA will inform the Authority that the property has been filled, however this is not consistent. There is now an officer in post who chases the HA to verify if anyone from the housing register has been placed in accommodation.</p>	<p>Where the Authority is unaware that nominations have been successful in their bid for a property, there is a risk that applicants are not suitably removed from the housing register which can result in the housing register figures being inflated and unnecessary strains on resources.</p>	<p>Nomination agreements put in place should be revised to include, that where nominations are successful the HA notify the Authority in a timely manner.</p> <p>(Priority 2)</p>

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5.	<p><u>Spot Check Forms</u></p> <p>Spot checks are undertaken on a monthly ad hoc basis by the Visiting Officer (VO). The VO completes a form with the information held by the Council prior to the visit. The VO then undertakes a visit and aims to verify whether conditions have changed or remained constant.</p> <p>An example of a spot check was provided by the VO. The form provided noted the bidding history, the occupants at the property and whether a credit reference agency check has been undertaken. The form was not signed by the VO on completion to evidence which officer had undertaken the visit.</p>	<p>Where spot check forms are not signed by the VO on completion, there is a risk that The Authority cannot confirm the officer who has undertaken the spot check.</p>	<p>Spot check forms should all be signed on completion to evidence an adequate audit trail.</p> <p>(Priority 3)</p>

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6.	<p><u>Housing Register Verification Checks</u></p> <p>On an ad hoc basis, the VO undertakes checks of those persons on the housing register currently bidding for properties. It is understood that the majority of checks will be for those persons bidding for an additional two bedrooms.</p> <p>A sample of 11 verification checks (undertaken between April 2017 and March 2018) was tested.</p> <p>For one property it was not clear who had authorised the verification check form. The Head of A&A explained that this verification check form had been completed by an Interim Manager, who was not fully aware of the procedure. It was advised that guidance notes be distributed to ensure that authorisations are sought and placed onto the file in a timely manner.</p> <p>The Head of A&A further explained that where there are found to be no changes in circumstances the verification check forms do not require authorisation, this is not clear from the forms. It was advised by the Head of A&A that the team manager will be reviewing the verification forms.</p>	<p>Where it is unclear if the verification check forms have been approved, there is a risk that the housing register is not up dated with current family situations.</p>	<p>All verification check forms should be completed in full and approved by the Housing Register Team Manager.</p> <p>The verification check forms should be reviewed asap to ensure that they clearly set out how they should be completed, such that it is clear when approval is required.</p> <p>(Priority 2)</p>

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7.	<p><u>Policies and Procedures for Visiting and Spot Checks</u></p> <p>Policies and procedures help to ensure that staff act consistently to ensure that all tenants and prospective tenants are treated equally and fairly.</p> <p>It was advised by the VO that there are currently no procedures in place for how the visiting checks are undertaken or what information is gathered to verify conditions. The VO explained that each case is different and the information required will vary.</p>	<p>Where there are no procedures in place for how what information and checks should be undertaken on visits there is a risk of a lack of consistency and applicants / tenants not being treated fairly.</p>	<p>A procedure note should be put in place to detail what information should be obtained when visits are undertaken.</p> <p>(Priority 2)</p>

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1.	Signed nominations agreements should be in place for all HAs the Council deals with.	2	As discussed during the Audit, whilst the Council ensures that it receives its maximum nomination rights in respect of new build accommodation via formal s106 and planning permissions, there is no formal obligation on the Housing Associations to give the Council nomination rights to its general stock and any nomination agreements are not legally enforceable. The Council works with in excess of 30 different Housing Associations and under the current arrangements the Council is receiving nomination rights to upwards of 75% of vacancies and therefore care must be taken to ensure that introducing a change does not negatively impact upon this. However, following the reforming of the Bromley Federation of Housing Associations in Q3 2018 nomination agreements will be reviewed formally.	Head of Allocations and Accommodation	Ongoing for completion by end of 2019/20

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Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2.	<p>The Authority should ensure that the application forms for the Housing Register clearly state how information will be processed, stored and shared.</p> <p>The Bromley Homeseekers internet page should be revised to be DPA 2018 (and therefore GDPR) compliant.</p>	2	This is currently being re-designed as part of the introduction of a new IT system. Clients will access a new online form and web site that will meet GDPR requirements setting out how information will be processed. Stored and shared.	Head of Allocations and Accommodation	Due to be implemented Q2 2019/20
3.	Data sharing agreements, unless included in the nomination agreements, should be in place between the Authority and all HA's that provide housing stock.	2	Agreed. Data sharing agreements are being formally rolled out to all housing associations via the Bromley Federation of Housing Associations	Head of Compliance and Strategy	By end Q2 2019/20
4.	Nomination agreements put in place should be revised to include, that where nominations are successful the HA notify the Authority in a timely manner.	2	Agreed. Although we would re-iterate that the service has implemented a resource to ensure that this information is collected and the systems updated in a timely fashion.	Head of Allocations and Accommodation	Ongoing for 2019/20

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Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
5.	Spot check forms should all be signed on completion to evidence an adequate audit trail.	3	Agreed. Samples to be reviewed at 1:1's as part of quality assurance reviews.	Housing Register Team Manager.	To be implemented January 2019.
6.	All verification check forms should be completed in full and approved by the Housing Register Team Manager. The verification check forms should be reviewed asap to ensure that they clearly set out how they should be completed, such that it is clear when approval is required.	2	Guidance to be issued to confirm in what instances Manager authorisation is required.	Group Manager Housing Registration and Allocations.	To be implemented January 2019.
7.	A procedure note should be put in place to detail what information should be obtained when visits are undertaken.	2	Agreed. To be jointly reviewed across the Housing Register and Housing Management Teams to ensure consistency of approach.	Housing Management and Housing Register Team Managers.	To be completed by 31/3/19

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level**Definition**

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.