



REDACTED INTERNAL AUDIT REPORT

PLACE DIRECTORATE

Temporary Accommodation and Housing Rents Arrangements

Issued to: **Group Manager Housing Registration & Allocations**
Head of Housing Allocations and Accommodation
Group Manager Housing Management and Acquisitions
Assistant Director of Housing
Assistant Director Exchequer Services
Head of Finance, Adult Social Care, Health, and Housing
Senior Accountant, Housing
Director of Housing, Planning and Regeneration
Director of Finance

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Reviewed by: **Manager (Mazars)**

Partner (Mazars)

Date of Issue: **13 October 2023**

Report No.: **PLA/09/2021**

INTRODUCTION

1. This report sets out the results of our internal audit of the Temporary Accommodation Housing Rents Function managed by the London Borough of Bromley.
2. The internal audit looked to review whether effective management of the Council's Temporary Accommodation function was in place to ensure that:
 - Temporary accommodation was provided to eligible persons to prevent homelessness;
 - Reliability and integrity of the housing rents system and tenant records were maintained;
 - Rent and additional charges were completely and accurately identified and included in rent accounts promptly;
 - Rent income arrears were promptly and effectively pursued and recovery was maximised; and
 - Accurate information was provided to support effective decision-making.
3. In scoping the audit, it was recognised that there were initial problems with the housing management system following its implementation, which had since been resolved. The focus of this audit was to assess the effectiveness of the system in supporting the Temporary Accommodation Housing Rents arrangements.
4. We would like to thank all staff contacted during this review for their assistance and co-operation.

AUDIT SCOPE

5. The original scope of the audit was outlined in the terms of reference issued in January 2022.
6. We reviewed and tested controls over the following key risks:
 - Policies and procedures do not reflect the change in the housing management system. Staff do not have appropriate guidance to navigate the system.
 - Tenancy Agreements are not signed promptly to enable tenancies to be set up on the system within agreed deadlines.
 - Regular checks of properties undertaken by staff are not recorded within the system.

- Annual rent charges are not completely, accurately, and validly calculated, and these are accurately input on time and notified to tenants in line with legislative requirements.
- Rental income received in the authority’s accounts is not completely and accurately recorded within the Housing system.
- The Housing system does not allow the production of reports on arrears and debts, which are reviewed every month.
- Audit trails of decisions undertaken to evict tenants are not recorded within the Housing system.
- Rent accounts are not regularly reconciled.
- Management does not oversee issues relating to the financial position and the effectiveness of the Housing system.

AUDIT OPINION

7. Our overall audit opinion, number and rating of recommendations are as follows.

AUDIT OPINION	
Reasonable Assurance	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.

Number of recommendations by risk rating		
Priority 1	Priority 2	Priorityv 3
0	2	4

SUMMARY OF FINDINGS

8. Our audit testing identified areas of good practice and sound controls as set out below:

- We noted that six monthly reports are provided by the Exchequer Services contractor to the Assistant Director of Exchequer Services, summarising the contractor's performance regarding the collection of rent arrears debts. We confirmed that these are reported to the Executive, Resources and Contracts Policy Development and Scrutiny Committee by the Assistant Director of Exchequer Services through a review of the June 2022 and January 2023 Public Agenda Packs.
- We reviewed a sample of ten tenants who commenced tenancy between April 2022 and February 2023 to confirm whether a sample of one rent payment per tenant can be verified to have been correctly applied to the tenant's rent account¹. Via review of the Housing Management System and the batch payment files, we confirmed six were in receipt of, and related to housing benefit. Payments for these were imported for the correct amount and allocated to the correct tenant account, alongside the correct reference numbers.

The remaining two payments were cash payments made via the Council's website and a direct transfer to the Council's bank account. We confirmed that the correct payment amount was imported to the correct tenant account, and the correct reference number was recorded within the Housing Management System.

- The Council has an Evictions Referral Process (December 2022), which outlines how eviction referrals received from the Housing Accommodation Charging team will be managed.
- The Council uses the TA Subsidy Spreadsheet to calculate the rent charges for its Nightly Paid accommodation properties, with this information then uploaded into the Housing system to update the rent charge amounts. We selected a sample of ten properties, six of which were nightly paid accommodation. In all six instances, the rent charge was correctly input to the Housing Management System.

However, we noted the following areas where improvements are required to the current control framework in place:

- Evidence of inspection visits could not be provided for our sample tested. Additionally, improvements are required to ensure the Council has adequate oversight of Managing Agents who are responsible for completing accommodation visits.

¹ We noted that rent recovery for two of the tenants within the sample was not the responsibility of the Council, thus, thus in total a sample of eight payments were reviewed.

- Appropriate and timely action had not been taken regarding arrears management and debt recovery for 6/10 cases in our sample.
- Documenting evictions decisions and accurately recording these including evidence of contacts with tenants in a timely manner.
- We could not evidence that all required documentation had been completed and that tenancies had been set up on the Housing Management System within the target time frame for 5/10 new tenancies sampled.
- Rent reconciliations are not formally and independently reviewed and approved.
- Multiple procedures did not have a review date and version control box recorded within the documents.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

9. The findings of this report and an assessment of the risk associated with any control weaknesses identified are detailed in the Detailed Findings / Management Action Plan. Any management recommendations are prioritised in line with the criteria set within Appendix B.

1. Temporary Accommodation Property Checks

Finding

We were advised by the Housing Management Team Manager that tenancy visits for temporary accommodation should be recorded within the Housing Management Spreadsheet on the Temporary Accommodation Visits tab. Furthermore, we were advised that reactionary visits occur where issues are identified, after which scheduled visits are completed according to the location. We noted that the Council had not documented its approach towards completing temporary accommodation visits, details of the persons responsible for completing the visits, or how often visits are to be completed.

We reviewed a sample of ten tenants whose tenancy commenced between April 2022 and February 2023 and sought to confirm that a visit was recorded on the Housing Management Spreadsheet. We noted no record of a TA tenancy visit being completed in all ten instances. The Housing Management Team Manager advised that there are only two Officers who complete visits and over 1,500 temporary accommodation placements resulting in difficulties in visiting all placements.

Furthermore, we were advised by the Housing Management Team Manager that Managing Agents also have a responsibility to complete temporary accommodation checks. We reviewed the template SLA agreement, which is in place with the Managing Agents. We noted that this refers to the providers doing regular checks and that the Council may request evidence of these occurring. However, we noted that there is no documented framework outlining the information that should be documented by Managing Agents as part of TA checks. Furthermore, we were advised by the Housing Management Team Manager that there is no framework for regularly spot-checking Managing Agents to ensure that regular TA checks are completed, and evidence of these occurring being provided to the Council, other than in the case where issues are raised by tenants regarding the Agents.

Risk

The Council does not have sufficient monitoring or record-keeping arrangements regarding temporary accommodation visits and fails to identify and action overdue visits which may result in issues not being identified and remediated in a timely manner.

Due to the lack of a documented framework, temporary accommodation visits are inadequate, and visit records do not document sufficient details of the visits.

Recommendation

The Council should:

Rating

Priority 2

<ul style="list-style-type: none"> • Document its approach towards completing temporary accommodation visits to ensure that key details such as frequency of visits, staff responsibilities, and record-keeping arrangements are clearly outlined. • Document a framework to ensure that Managing Agents are doing Temporary Accommodation checks, including the expected content and frequency of these checks. • Select properties on a sample basis to ensure that temporary accommodation visits by Managing Agents are completed and to enable the Council to measure the Managing Agents' compliance with the SLA. 	
<p><u>Management Response and Accountable Manager</u></p> <p>There are currently over 1500 temporary accommodation placements and just 2 Visiting Officers. Without the provision of additional staffing resources, it would not be feasible to visit to all new TA placements. The team managed to undertake around 800 visits over the last year this will have included a mixture of single as well as return visits.</p> <p>There are also a range of variables which influence how many visits we can do in a year. Currently we are placing further afield; in areas such as West Bromwich, Leicester, Worthing, Essex and Kent. The geographic spread increases travelling time and therefore reduces the number of visits that can be done.</p> <p>However, taking on board the audit findings:</p> <ul style="list-style-type: none"> • We will produce procedure for visiting, including how visits are selected, frequency, scope, outcomes, and record keeping. • We will document a framework to provide clearer guidance for providers regarding expectations around occupancy checks including frequency. • We will utilise provider liaison meeting schedule to sample check occupancy checks and compliance documents. <p>Accountable Manager: Group Manager Housing Management & Acquisition</p>	<p><u>Agreed timescale</u></p> <p>End of October 2023</p>

2. Arrears Oversight

Finding

We reviewed a sample of ten Temporary Accommodation tenants with arrears between £25,718 and £328 to assess whether rent recovery procedures had been followed. This sample was selected from the Aged Debt for Nightly Accommodation report (as of 28 February 2023), which totalled £1.5 million. We completed walkthrough testing with the Rent Recovery Team Leader and reviewed the correspondence with tenants and action taken to recover arrears for each case.

For four out of ten cases, we confirmed that the Council made regular contact with timely responses from the tenant. We confirmed that the first and second reminder letters were issued within two weeks, and payment plans were arranged to reduce arrears as per the Rent Recovery Procedure.

For the remaining six cases, we noted:

- For five cases, the Council did not contact the tenant promptly despite arrears accumulating. These cases have accumulated arrears of between £614 - £25,718. We were advised by the Income and Recovery Operations Manager that arrears have accumulated due to system migration issues from the previous Housing Management System, the Coronavirus Act 2020 which resulted in being unable to take required eviction actions promptly and the current Housing Management System not recommending cases for action in the intended manner. We were advised by the Income and Recovery Operations Manager that this issue is currently being reviewed by the Council with the Exchequer Services contractor and the system provider.
- For the remaining case, we were informed by the Income and Recovery Operations Manager that HB and rent charges were wiped from the rent account as it was incorrectly set up. Whilst the arrears value on the Housing Management system stands at £25,000, the Council cannot determine the correct amount of arrears and thus cannot chase the tenant. We were advised by the Income and Recovery Operations Manager that a solution to this issue is currently under investigation.

Risk

The Council fails to appropriately identify and respond to arrears, causing Temporary Accommodation arrears to increase and bad debts to transpire, which leads to the Council incurring a financial loss.

Recommendation

Rating

<p>The Council should:</p> <ul style="list-style-type: none"> • Rectify the issues with the Housing Management System to ensure that the correct amount of arrears is known and can subsequently be recovered from tenants. • Ensure that the process is correctly followed and that key timeframes are followed within the collection process. • Consider whether staff require further training to ensure they are able to sufficiently action arrears cases. 	<p style="text-align: center;">Priority 2</p>
<p><u>Management Response and Accountable Manager</u></p> <p>All the cases affected by system issues will be identified and rectified, processes will be correctly followed with sampling undertaken to ensure key timeframes are being met.</p> <p>A training analysis will be undertaken on all staff involved in the recovery process so that any gaps can be identified, and the appropriate training can be provided if required.</p> <p>Accountable Manager: Revenues and Benefits Manager, Operations Manager - Income & Recovery</p>	<p><u>Agreed timescale</u></p> <p>31 October 2023</p>

<p>3. Tenancy Evictions</p>
<p><u>Finding</u></p> <p>We reviewed a sample of five Temporary Accommodation evictions with Notice to Vacate letters served between June 2022 and February 2023, selected from the Housing Management Spreadsheet. Two were non-arrears cases, and three were nightly paid accommodation arrears. Our testing assessed whether Notice to Vacate letters had been communicated with the tenant, target time frames for responding and completing eviction referrals had been met where applicable, and that sufficient details of the eviction referral had been outlined within the Housing Management Spreadsheet.</p> <p>Our testing noted the following:</p>

- In three instances, the Notice to Vacate end date was not recorded within the spreadsheet despite having a column input for this;
- In one instance, the decision to evict the tenant was made more than one day after the referral response target of three days. We were not advised as to the reason for this;
- In one instance, the Notice to Vacate letter was sent on 1 November 2022 despite the referral decision being made on 15 June 2022. We were advised that this was due to the tenant's imprisonment, recorded on the Housing Management System on 24 September 2022. However, no indication of this was recorded on the Housing Management Spreadsheet;
- In one instance, we were not provided a Notice to Vacate Letter for a non-arrears case;
- We requested screenshots of the contact made to the tenants, which should be recorded on the Housing Management System. In the two non-arrears cases, we were not provided with evidence of contact with the tenants; and
- In the instances of the two non-arrears cases, the reason for the cases was not recorded within the 'reason' column on the Housing Management Spreadsheet.

Additionally, we were advised by the Housing Management Team Manager that non-arrears eviction cases are managed on a case-by-case basis. There is no documented framework or procedure to follow regarding key elements of decision-making to be applied, target time frames for taking action and any approvals required.

Risk

The key stages of the eviction process are not adequately, sufficiently and consistently documented within the Housing Management Spreadsheet and the Housing Management System, leading to the Council being unable to assess the effectiveness of its eviction process and evictions being inappropriately managed.

Recommendation

The Council should ensure that:

- Details regarding arrears-related evictions, such as reasons for delays with processing evictions and Notice to Vacate end dates, are recorded within the correct tab of the Housing Management Spreadsheet.

Rating

Priority 3

<ul style="list-style-type: none"> • Information on whether non-arrears evictions were processed within allocated time frames is recorded in the Housing Management Spreadsheet. • Recent contact with tenants outlined in the Notice to Vacate letters is recorded within the Housing Management System and can be evidenced. • Notice to Vacate letters can be evidenced in all instances, and these are indexed to the tenant's Housing Management System account. • Additionally, the Council should consider implementing a documented procedure or framework for managing non-arrears eviction cases to ensure these are managed consistently and effectively. 	
<p><u>Management Response and Accountable Manager</u></p> <ul style="list-style-type: none"> • We will review and update existing procedure for arrears cases and incorporate non-arrears cases, including setting time frames for non arrears cases. • We will provide staff training on how to use Housing Management Spreadsheet to ensure staff understand what should be recorded where and why. Management to review monthly to ensure correct information being recorded. • We will Introduce a sign off procedure for non arrears cases before Notice to Vacate letter is issued. • We will add column on Housing Management spreadsheet to record any reasons for delays. • We will split Anti-Social Behaviour and non-occupancy eviction cases on the Housing Management Spreadsheet. <p>Accountable Manager Group Manager Housing Management & Acquisition</p>	<p><u>Agreed timescale</u></p> <p>End of November 2023</p>

4. New Tenancy Setups

Finding

We reviewed the Housing Allocation Coordinator Procedure effective from September 2021. The procedure outlines the roles and responsibilities of the Housing Allocations Coordinator to ensure that “Temporary Accommodation rent accounts are set up on the Housing Management System within the agreed KPI timeframes”. The actual three day KPI timeframe is however not outlined within the procedure itself.

Using a report of active temporary accommodation tenancies from the Housing Management System, we selected a sample of ten tenants whose tenancy commenced between April 2022 and February 2023; to assess whether a signed licensing agreement and a New Tenancy Notification (NTN) or Start of Tenancy (SOT) is indexed to the tenant's Housing Management System account.

Testing identified five instances for which we were not provided with a Licensing Agreement, NTN or SOT notification. We were advised by the Group Manager that in three instances these have not been indexed to the tenants' Housing Management System accounts. In the remaining two cases, Management could not advise why these have not been provided.

Reviewing the Housing Management System account setup tracking spreadsheet, we assessed whether the tenancy rent accounts were set up in the Housing Management System within three days of receiving the NTN or SOT as per the related KPI. Our testing noted the following:

- In one instance, the rent account was set up within five days of the tenancy start date (two days over the target); and
- In four instances, we were advised by the Housing Management Team Manager that due to these being managed by Property Management Agents the account setup time is not monitored. However, the tenant's Housing Management System account is set up by LBB, the property is managed by a property management agent. Thus, the Council does not monitor the setup time of these accounts.

Risk

Details of new tenancies are not indexed to the Housing Management System, which results in tenancies not being processed and set up within a timely manner on the Housing Management System.

<p><u>Recommendation</u></p> <p>The Council should:</p> <ul style="list-style-type: none"> • Ensure NTN's, SOT's and Licensing Agreements are indexed to tenant's accounts on the Housing Management System. • Ensure tenancies are set up within the target date on the Housing Management System. • Outline the three-day KPI for setting up tenant accounts on the Housing Management System within the Housing Allocation Coordinator Procedure. • Consider whether the time to set up tenant accounts on the Housing Management System for properties managed by managing agents should be monitored. 	<p><u>Rating</u></p> <div style="border: 1px solid black; background-color: #90EE90; padding: 2px; display: inline-block;">Priority 3</div>
<p><u>Management Response and Accountable Manager</u></p> <ul style="list-style-type: none"> • Procedure has been amended to include the target KPI's. Reports are in place to capture the set up time for tenancies and to effectively track this KPI. This includes those managed by third parties (the third parties provide us with the NTN's and SOT's) • Any outstanding NTN's, SOT's, or License agreements from the sample to be indexed. • Review of recent placements to ensure NTN's SOT's, or License agreements are indexed. To form part of officers monthly 1:1's and work reviews whereby random spot checks will be carried out by the Housing Allocations Team Manager. • In addition to the above, The Housing Allocations Team Manager should check the previous days placements to ensure all relevant sections of The Housing Management System are completed and associated documents indexed. 	<p><u>Agreed timescale</u></p> <ul style="list-style-type: none"> • ACTIONED • To be concluded before 8th September 2023 • In place by October 2023 • Has already started

5. Approval of Rent Reconciliations	
<p><u>Finding</u></p> <p>Through discussion with the Income and Recovery Operations Manager, we noted that the Council's rent payment receipts recorded on the Finance System are reconciled to the Housing Management System every quarter. We reviewed the Q1, Q2 and Q3 2022/23 reconciliations and confirmed that the systems had been reconciled and any unreconciling balances cleared to zero.</p> <p>However, although these monthly reconciliations are provided to the Head of Finance and Senior Accountant, these are not formally and independently reviewed and approved. Based on our experience, best practice would be for a summary sheet to be included on the front tab/page of the reconciliation, and this sheet should be signed and dated by both the preparer and the reviewer.</p> <p><u>Risk</u></p> <p>Rent reconciliations are not scrutinised and approved by an appropriately senior staff member, which can lead to incorrect reconciliation methodology being applied or unreconciling balances not being investigated further.</p>	
<p><u>Recommendation</u></p> <p>The Council should ensure that details of the staff members responsible for completing and reviewing the reconciliations are documented within a reconciliation summary sheet.</p>	<p><u>Rating</u></p> <div style="border: 1px solid black; background-color: #90EE90; padding: 2px; display: inline-block;">Priority 3</div>
<p><u>Management Response and Accountable Manager</u></p> <p>A summary sheet with details of the staff members responsible for completing and reviewing the reconciliations will be included with future rent reconciliations.</p> <p>Accountable Manager: Head of Finance Adult Social Care, Health, and Housing (LBB) / Operations Manager - Income & Recovery</p>	<p><u>Agreed timescale</u></p> <p>From September 2023</p>

6. Approval of Policies and Procedures

Finding

We sought to confirm that the Council has Policies and Procedures in place regarding the management of Temporary Accommodation, including guidance for staff regarding the Housing Management system. We noted the following:

- A Housing Allocation Coordinator Procedure (September 2021) which outlines the roles and responsibilities of the Housing Allocations Coordinator to ensure that Temporary Accommodation rent accounts are set up on the Housing Management System within the agreed KPI timeframes.
- An Evictions Referral (December 2022) process document.
- A Temporary Accommodation Placement Policy (2015) which outlines how households will be prioritised for accommodation.
- An arrears recovery guide, 'HAC Process Manual', is in place and last reviewed in August 2021. We were advised by the Income and Recovery Operations Manager that this guide will be updated following developments to the Housing Management System being implemented and made live.

Additionally, we reviewed the following procedures. We noted none of these procedure have review dates and version control boxes recorded on the documents:

- 'New tenancy setups for Temporary Accommodation',
- 'Tenancy Start Date',
- 'Cancellation Requests',
- 'Vacation Notification',
- 'Adding Clients to the Housing Management System' and,
- Procedure outlining what to do when placements cannot be added to the Housing Management System.

<p><u>Risk</u></p> <p>Procedures and Policies are not regularly reviewed and approved, which may result in outdated guidance being circulated to staff. Staff may deliver services inconsistently or inefficiently and/or may not follow the most up to date process.</p>	
<p><u>Recommendation</u></p> <p>The Council should:</p> <ul style="list-style-type: none"> • Ensure Policies and Procedures are regularly reviewed and approved by appropriate Senior Officers, according to an agreed schedule or when significant changes occur. • Implement version control boxes on procedures shared with staff to ensure only the most up-to-date procedures are circulated to staff. 	<p><u>Rating</u></p> <p>Priority 3</p>
<p><u>Management Response and Accountable Manager</u></p> <p>Policies and procedures in relation to the HAC team and the recovery processes will be reviewed to ensure that they all up to date, are approved when significant changes take place and version control is applied.</p> <p>Accountable Manager: Revenues and Benefits Manager (LBB) / Operations Manager - Income & Recovery</p>	<p><u>Agreed timescale</u></p> <p>31st October 2023</p>

Assurance Level

Assurance Level	Definition
Substantial Assurance	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
Reasonable Assurance	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.
Limited Assurance	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
No Assurance	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

Recommendation ratings

Risk rating	Definition
Priority 1	A high priority finding which indicates a fundamental weakness or failure in control which could lead to service or system objectives not being achieved. The Council is exposed to significant risk and management should address the recommendation urgently.
Priority 2	A medium priority finding which indicates a weakness in control that could lead to service or system objectives not being achieved. Timely management action is required to address the recommendation and mitigate the risk.
Priority 3	A low priority finding which has identified that the efficiency or effectiveness of the control environment could be improved. Management action is suggested to enhance existing controls.