

Final Internal Audit Report

Private Sector Landlord Fire Safety 2018/19

October 2019

Distribution: Executive Director of Place
 Director of Public Realm
 Head of Public Protection
 Selective Licensing and Housing Team Manager
 HMO Team Manager and Environmental Health Officer

Assurance Level	Identified Issues	
Substantial Assurance	Priority 1	0
	Priority 2	1
	Priority 3	1

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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1. Introduction

- 1.1 Private sector landlords within the London Borough of Croydon are required to have a Croydon private landlord licence. Depending on the type of property and nature of tenancy, the landlord will have to apply for either a Houses in Multiple Occupation (HMO) licence, or a Selective licence.
- 1.2 In order to meet the conditions of the licence with respect to fire safety, properties should be declared to meeting the following requirements:
 - Electrical appliances should be kept in a safe condition;
 - Furniture should be kept in a safe condition that complies with the Furniture and Furnishings (Fire) (Safety) Regulations 1988;
 - A smoke alarm should be installed on each storey of the building on which there is a room used as living accommodation;
 - All smoke alarms/fire detection systems within the house should be maintained in good working order; and
 - A declaration should be made as to the positioning and operation of smoke alarms.
- 1.3 Failure to comply with any licence condition may result in proceedings including fines up to £5,000 and loss of the licence.
- 1.4 This audit was part of the agreed Internal Audit Plan for 2018/19.

2. Key Issues / Rationale

Priority 2 Issues

An HMO inspection identified the need for hazard works to be conducted, however it could not be evidenced that the issue identified had been followed up by the HMO team (**Issue 3**).

The Priority 3 issue is included under item 4.

3. Actions and Key Findings/Rationale

Control Area 3: Inspections and Record Keeping		Detailed Finding/Rationale – Issue 1
Priority	Action Proposed by Management	<p>The HMO Licensing Procedure document details that, it is the responsibility of the HMO team to 'serve notices for fire precautions and any other hazards as identified from Housing Health and Safety Rating System dwelling assessment.'</p> <p>Where hazards have been identified upon inspection of a property, and a note of works has been issued to the responsible party, a follow up should be initiated via email, phone call or additional inspection to help ensure that the remedial works are completed. Any follow up actions should be recorded on Uniform.</p> <p>Examination of a sample of 19 HMO inspection cases identified one instance in which evidence of a follow up on issues identified from the inspection was not available.</p> <p>Where follow ups on works are not carried out, there is a risk that the property does not comply with the HMO fire safety conditions. This will increase the risk of harm imposed on the tenants of the property and result in a damage of reputation.</p>
2	Officers have been reminded to follow up on cases and complete notes to evidence this.	
Responsible officer	Deadline	
Head of Public Protection	Actioned	

4. **Priority 3 Issue**

Action Proposed by Management	Findings
<p>Officers have been reminded to check that all sections of the application form have been completed prior to processing, even if the landlord does not provide soft furnishings the appropriate 'no' box must be completed.</p> <p>As mentioned opposite, when the application process is transferred online applicants will not be able to leave any questions unanswered before submitting their application.</p>	<p>HMO licence conditions include the following clauses in relation to fire safety:</p> <p><i>"1.1 Electrical safety and furniture safety All electrical appliances and furniture supplied by or on behalf of the Licence Holder must be kept in a safe condition and meet the requirements of the relevant British Standard. As and when required, the licence holder must make a declaration as to the safety of the furniture and appliances.</i></p> <p><i>1.2 Smoke alarms and carbon monoxide alarms A smoke alarm is installed on each storey of the house on which there is a room used wholly or partly as living accommodation. All smoke alarms or fire detection systems within the house must be maintained in good working order at all times during the period of this licence. As and when required, the licence holder must make a declaration as to the positioning and operation of the smoke alarms."</i></p> <p>The declarations relating to smoke alarms are located in "Part 8. Fire Safety" of the "Application for Licence for House in Multiple Occupation". The application is then signed by the landlord. Supplementary signed declarations are made with respect to electrical appliance safety and compliance with the Furniture and Furnishings (Fire) (Safety) Regulations 1988, which are enclosed in application form. Evidence to support each declaration is required to be enclosed within the application.</p> <p>Examination of 15 HMO application forms and the additional declarations enclosed with each form, identified one instance in which the "Part 8 Fire Safety" section on the application was not fully completed therefore did not indicate whether applicable furniture was provided by the landlord.</p> <p>Discussion with the Head of Public Protection established that the HMO application process will soon be migrated online, restricting the ability to submit an application without all relevant sections and declarations being completed.</p>

TERMS OF REFERENCE

Private Sector Landlord Fire Safety

1. INTRODUCTION

- 1.1 In October 2015, all private landlords within the London Borough of Croydon are required to have a Croydon private landlord licence.
- 1.2 As part of the Croydon private landlord licence, landlords are required to carry out fire safety checks on their properties, which include:
- Installing and maintaining the good working order of appropriate smoke alarms in the property;
 - Ensuring firefighting equipment and fire alarms are maintained in good working order;
 - Ensuring furniture made available in the property is in a safe condition, i.e. that all upholstered furniture, covers and fillings if cushion and pillows comply with fire safety regulations;
- 1.3 It is also recommended that a fire blanket is installed in kitchens and that tenants are fully briefed about the process of fire evacuation in the event of a fire. Failure to comply with any licence condition may result in proceedings including fines up to £5,000 and loss of the licence.
- 1.4 Where the property is a house in multiple occupation (HMO), fire alarms and fire extinguishers are also required to be installed.

2. OBJECTIVES AND METHOD

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit will for each controls / process being considered:
- Walkthrough the processes to consider the key controls;
 - Conduct sample testing of the identified key controls, and
 - Report on these accordingly.

3. SCOPE

- 3.1 This audit included the following areas:

Audit Area	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Organisational and Management Requirements	0	0	0





Private Landlord Fire Safety 2018/19

Smoke Alarm, Furniture and Fire Procedure Declarations	0	0	1
Inspections and Record Keeping	0	1	0
Monitoring and Management Reporting	0	0	0

DEFINITIONS FOR AUDIT OPINIONS AND IDENTIFIED ISSUES

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are consistently applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage.

Priorities assigned to identified issues are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that requires the immediate attention of management to mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that represent an exposure to risk and require timely action.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice.

STATEMENT OF RESPONSIBILITY

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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