



CROYDON

Final Internal Audit Report

Lettings, Allocations and Assessments

March 2020

Distribution: Executive Director Health, Wellbeing and Adults (Final only)
Director of Housing Assessments and Solutions
Head of Incomes, Lettings, Home Ownership and Renewal
Head of Temporary Accommodation and Service Development (Interim)
Operations Manager (Gateway, Strategy and Engagement)

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

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.

Contents

Page

Executive Summary

- 1. Introduction..... 3
 - 2. Key Issues..... 3
-

Detailed Report

- 3. Actions and Key Findings/Rationale 4

Appendices

- 1. Terms of Reference
- 2. Definitions for Audit Opinions and Identified Issues
- 3. Statement of Responsibility

1. Introduction

- 1.1 Each Council has limited housing stock. Upon any of this stock becoming vacant, the Council will use this to house people in need within the borough, attempting to house those with the highest need first.
- 1.2 The Housing Act 2006 provides very specific guidance on the allocation process, for example paragraph 161 states that, 'A local housing authority shall allocate housing accommodation only to persons who are qualified to be allocated housing accommodation by that authority'. Furthermore, paragraph 167 states that, 'Every local housing authority shall have a scheme (their 'allocation scheme') for determining priorities, and as to the procedure to be followed, in allocating housing accommodation'.
- 1.3 The fact that a person is eligible does not guarantee that they will be allocated accommodation. An applicant's priority is determined by the allocation scheme, and the demand/availability of social housing in the borough.
- 1.4 This audit was undertaken as part of the agreed Internal Audit Plan for 2019/20.

2. Key Issues

Priority 1 Issues

The Housing Allocation policy had not been updated since October 2016 and was out of date (**Issue 1**).

The application forms (on line and in hardcopy) in use were not compliant with the Data Protection Act 2018 or the General Data Protection Regulation (**Issue 3**).

Priority 2 Issues

Testing of a sample of 12 applications identified six cases where the application had taken longer than the required 10 days to be approved (**Issue 2**).

The Priority 3 issue is detailed under item 4 below.

3. Actions and Key Findings/Rationale

Control Area 1: Legislative, Organisational and Management Requirements		
Priority	Action Proposed by Management	Detailed Finding/Rational – Issue 1
1	<p>Changes to the Housing Allocations Scheme have been made to reflect this finding and a revised version uploaded to the Council’s website.</p> <p>The Council’s Housing Allocations Scheme is a live document and is updated to reflect legislative changes when necessary. Minor changes do not require Cabinet approval and will be made when necessary.</p>	<p>The Housing Act 1996 paragraph 168 ‘Information about allocation scheme’ details that, ‘(1)A local housing authority shall publish a summary of their allocation scheme and provide a copy of the summary free of charge to any member of the public who asks for one. (2)The authority shall make the scheme available for inspection at their principal office and shall provide a copy of the scheme, on payment of a reasonable fee, to any member of the public who asks for one. (3) When the authority make an alteration to their scheme reflecting a major change of policy, they shall within a reasonable period of time take such steps as they consider reasonable to bring the effect of the alteration to the attention of those likely to be affected by it.’</p> <p>Examination of the Housing Allocation policy document on the Council's website established that it was last reviewed in October 2016 and that several aspects were out-of-date, such as:</p> <ul style="list-style-type: none"> • Paragraph 74 which makes reference to the Data Protection Act (DPA) 1998, which has been superseded by the DPA 2018 and the GDPR. • Paragraph 90 which states ‘We will review your application every year on the anniversary of your application’. Discussion with the Operations Manager for Housing Register and Advice established that annual re-registration has been dropped due to the high number of applicants on the housing register. <p>Furthermore, the document did not include information concerning the duration of an introductory tenancy.</p> <p>Where the Housing Allocations Policy document is not updated on a regularly basis, there is an increased risk that the Council's actions are inconsistent with the information available to the public, resulting in confusion and frustration amongst applicants. Furthermore, the Council is in breach of the Housing Act 1996.</p>
	<p>Responsible officer</p> <p>Deadline</p>	
	<p>Operations Manager</p> <p>31 March 2020</p>	

<u>Control Area 3: Viewing</u>																
Priority	Action Proposed by Management	Detailed Finding/Rational – Issue 2														
2	<p>The Council aims to approve applications within 10 working days of receipt of satisfactory verification evidence.</p> <p>Monitoring will be introduced shortly to ensure that this target is achieved.</p>	<p>The Housing Allocation Policy document (paragraph 417) details that, ‘We will carry out a preliminary assessment of your application and tell you whether we are registering your application and what band your application has been placed in within 10 working days.’</p> <p>Examination of the documentation available for a sample of 12 applications (two for each band) found that six of these applications took longer than the 10 day target to be approved, as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>No.</th> <th>Time taken to approve</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>108 days</td> </tr> <tr> <td>2.</td> <td>73 days</td> </tr> <tr> <td>3.</td> <td>46 days</td> </tr> <tr> <td>4.</td> <td>38 days</td> </tr> <tr> <td>5.</td> <td>14 days</td> </tr> <tr> <td>6.</td> <td>13 days</td> </tr> </tbody> </table>	No.	Time taken to approve	1.	108 days	2.	73 days	3.	46 days	4.	38 days	5.	14 days	6.	13 days
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	<table border="1" style="width: 100%;"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Operations Manager</td> <td>31 March 2020</td> </tr> </tbody> </table>	Responsible officer	Deadline	Operations Manager	31 March 2020	<p>Where applications are not processed in a timely manner, there is an increased risk that the Council fails in its duties as stipulated in the Housing Allocation Policy. This may result in reputational damage to the Council, and an increased hardship to applicants, who may have to wait longer than is necessary for housing.</p>										
Responsible officer	Deadline															
Operations Manager	31 March 2020															

<u>Control Area 5: Review of Applications</u>						
Priority	Action Proposed by Management	Detailed Finding/Rational – Issue 3				
1	<p>Requests for changes to the online form and the paper forms were made to the relevant teams on the 17th and 21st October 2019. It is anticipated that both these requests will be actioned by the 25th October 2019. These changes correct the audit findings.</p> <p>The collection and recording of ethnicity data is an important tool in assessing whether the housing register is representative of the Borough’s communities and that no one group is disadvantaged in accessing alternative housing.</p>	<p>Guidance on the Information Commissioners Office (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.</i></p> <p><i>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><i>You must provide privacy information to individuals at the time you collect their personal data from them.’</i></p> <p>It was established that residents may apply to be on the Council’s Housing register, by completing an application form either in hardcopy or on-line. Examination of a recently submitted hardcopy application form found that the form still referred to ‘Taberner House’ and the Data Protection Act (DPA) 1998 and did not make reference to the DPA 2018 or the General Data Protection Regulation (GDPR). The first pages of the on-line form were also examined and these did not make reference to the DPA 2018 or GDPR either.</p> <p>Furthermore, the forms asked for unnecessary personal information, such as Ethnicity.</p>				
	<table border="1"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Operations Manager</td> <td>31 March 2020</td> </tr> </tbody> </table>	Responsible officer	Deadline	Operations Manager	31 March 2020	<p>Where the local authority is not transparent with data processing, data subjects could subsequently challenge whether data collection was in lawful basis and best fits the purpose, and if Council does not have records to support their processing a Data Protection breach would occur.</p>
Responsible officer	Deadline					
Operations Manager	31 March 2020					

TERMS OF REFERENCE

Lettings, Allocations and Assessments

1. INTRODUCTION

- 1.1 Each Council has limited housing stock. Upon any of this stock becoming vacant, the Council will use this to house people in need within the borough, attempting to house those with the highest need first.
- 1.2 The Housing Act 2006 provides very specific guidance on the allocation process, for example paragraph 161 states that, "A local housing authority shall allocate housing accommodation only to persons who are qualified to be allocated housing accommodation by that authority". Furthermore, paragraph 167 states that, "Every local housing authority shall have a scheme (their "allocation scheme") for determining priorities, and as to the procedure to be followed, in allocating housing accommodation".
- 1.3 The fact that a person is eligible does not guarantee that they will be allocated accommodation. An applicant's priority is determined by the allocation scheme, and the demand/availability of social housing in the district.
- 1.4 This audit is being undertaken as part of the agreed Internal Audit Plan for 2019/20.

2. OBJECTIVES AND METHODOLOGY

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes relating to Business Rates.
- 2.2 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.3 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 examined the Council's arrangements for the following areas relating to Lettings, Allocations and Assessments (and number of issues identified):





Control Areas/Risks	Issues identified		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Organisational and Management Requirements	1	0	0
Notification and Recording of Vacancies	0	0	0
Viewing	0	1	0
Maintenance of Housing Queues	0	0	0

Review of Applications	1	0	0
Home Visits	0	0	0
Introductory Tenancies and Secure Tenancies	0	0	0
Management Reporting	0	0	0
Risk Management	0	0	0
Total	2	1	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 require 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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