CROYDON

Final Internal Audit Report

Tenancy Sign-Ups and New Tenancy Visits

December 2024

Distribution:

Corporate Director of Housing

Director of Housing Management

Head of Tenancy and Caretaking

Head of Income, Lettings and Leasehold

Operations Manager (Lettings)

Strategic Support Officer (Housing)

Head of Finance (Housing)

Corporate Director of Resources (Section 151 Officer)

Director of Finance (Deputy Section 151 Officer)

Assurance Level	Issues Identified	
Limited Assurance	Priority 1	2
	Priority 2	4
	Priority 3	2

forvis mazars

Contents
Page

Executive Summary

Detailed Report

Appendices

CROYDON

1.   Introduction

1.1.   Croydon Council (the Council) manages around 15,000 residential properties, including around 13,400 HRA (Housing Revenue Account) properties (commonly known as Council Homes). HRA properties are rented to eligible tenants at below market rent.

1.2.   There is a long-standing shortage of HRA homes affecting most local authorities. There are around 5,000 individuals/families on the Council's waiting list, but in 2022/23, only 260 properties became available. This equates to roughly five properties becoming available each week.

1.3.   Prospective residents apply to Croydon Choice housing register (Register) and once accepted, are able to bid on the properties that they would like to live in. However, the allocation of the property is based upon the needs of the applicants with the Council prioritising based on need and time on the Register. In some cases, applicants on the Register have been waiting for over 10 years.

1.4.   The Council publishes its Housing Allocation Scheme, which outlines how the Council will allocate properties to those who bid for a property. It outlines that, once an offer is made, the prospective tenant will be asked to view the property and then sign a tenancy agreement.

1.5.   The Allocations team will provide the Lettings team with a list of sign-ups and their contact information for the week. The Lettings Officer is expected to contact the nominee to arrange for them sign the relevant documents, including the Tenancy Agreement, Condition of Tenancy and Key Receipt Form, among others. Once this has been completed, the Lettings Officer will upload all information onto the NEC system and pass the information to the Tenancy Team to commence the New Tenancy Visit (NTV).

1.6.   Once a new tenancy begins, an NTV should be undertaken within six weeks. Tenancy Sustainment Officers perform visits on one bed properties and Tenancy Officer's visit two beds properties and above. Officers are there to risk assess the property and also ensure that the tenant has settled into their new property. Additional information is to be uploaded on to NEC and issues with the property or tenant are to be communicated to Allocations or the Lettings Manager, respectively.

1.7.   Both sign-ups and NTVs should be monitored to identify issues or bottlenecks within the service. Performance figures and issues are to be reported to management and Board.

1.8.   The audit was undertaken as part of the agreed Internal Audit Plan for 2024/25. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

forvis mazars

2. Key Issues

Priority 1 Issues
there was no NTV form completed and saved into SharePoint. **(Issue 4)**
Data analysis found that inconsistencies existed between the Void Management

Priority 2 Issues
A review of the documentation relating to a sample of ten new sign-ups between May – July 2024 found that in one case the Sign-Up Pack and ID checks had not been uploaded into SharePoint and in another case no ID checks were uploaded on to SharePoint. **(Issue 1)**
The Operations Manager (Lettings) advised that checks on signed documents were not performed nor was segregation of duties present throughout the New Tenancy Sign Up process. The process is owned by one officer, who picks up the individual to onboard/complete the sign-up checklist and once this was completed will upload all documents on to SharePoint and all information into NEC which allows for a rent account to be created. **(Issue 2)**
It was found that within NEC there was no system driven flow process or alerts or notifications to support the completion of new tenancy visits within 6 weeks. **(Issue 3)**
The Head of Tenancy Services and Caretaking explained that they report New Tenant Visit performance quarterly in the Housing Services Performance Monitoring Report. The Head of Tenancy Services and Caretaking advised that these performance statistics were based on self-reporting of the number of checks by Tenancy Officers through the Tenancy Officer KPI report, an internally held spreadsheet, updated by Tenancy Officers, rather than information being drawn from system data (NEC). **(Issue 6)**

The Priority 3 findings are included under item 4 below.

3. Actions and Key Findings/Rationale

Control Area 2: Adherence to Tenancy Sign-Up Procedures

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 1
		Expected Control
		The Lettings Team have a checklist for new tenancy sign-ups which describes what is expected to be signed, documented and evidenced in SharePoint.
		Finding/Issue
		A review of the documentation relating to a sample of ten new sign ups between May and July 2024 to confirm that the requirements as outlined in the New Tenancy Sign Up Checklist had been completed found the following exceptions:
		• In one case the Sign-Up Pack and ID checks had not been uploaded onto SharePoint; and • In one case no ID checks were uploaded on to SharePoint.
		Risk
Responsible Officer	**Deadline**	Where important information regarding the tenancy sign-up is not saved into SharePoint, as per the New Tenancy Sign Up Checklist, there is a risk of non-compliance with Council expectations and policy and operational efficiencies where a
Lettings Manager	2 December 2024	lack of saved important documents may cause delays to the sign-up.

Control Area 2: Adherence to Tenancy Sign-Up Procedures

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 2
		Expected Control In order to help prevent fraud and detect errors, there is segregation in the sign-up process and management checks on documents signed. **Finding/Issue** The Operations Manager (Lettings) advised that checks on signed documents were not performed nor was segregation of duties present throughout the New Tenancy Sign Up process. The process is owned by one officer, who picks up the individual to onboard/complete the sign-up checklist and once this is completed will upload all documents on to SharePoint and all information into NEC which allows for a rent account to be created.
Responsible Officer	**Deadline**	**Risk**
Head of Income, Rents and Lettings	2 December 2024	Where there is a lack of management checks and segregation of duties, there is risk that errors or fraudulent activity within the Sign-Up Process are not identified.

forvis mazars

Control Area 3: Resource Management & Scheduling of New Tenancy Visits

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 3
	A number of reports are in development, which will capture the following: • How many New Tenant Visits were due in a month. • Percentage of New Tenant Visits successfully completed within 6 weeks of the start of the tenancy. • Percentage of New Tenant Visits not successfully completed within six weeks of the start of the tenancy. • No. of 6-week visits pending and overdue at month end. • No. of 6-week visits pending and overdue from start of Tenancy to 6 Weeks. • Percentage of investigations of all reports of abandonment that occurred within.	**Expected Control** The Council utilise the NEC system to ensure that a system driven flow process is used to book in a new tenancy visit within six weeks of the tenancy start date. **Finding/Issue** The Head of Tenancy Services and Caretaking explained that, at the time of audit fieldwork, there was no system driven flow process within NEC nor any system alerts or notifications. The Council, however, was working with the Business Analyst team to resolve this. Visiting officers instead were emailed the new sign-up from the Lettings team based their capacity to make visits and were expected to arrange the visits within six weeks. **Risk** Where the Council do not utilise system automated scheduling and reminders for tenancy visits there is a risk that the six-week deadline to complete a tenancy visit is missed.

forvis mazars

- How many New Tenant Visits were carried out by month, year and by patch.

- How many New Tenant Visits were carried by patch? – South Central, East and North (2 officers per patch).

- How many cases were referred to CAFT.

The reports will allow performance to be monitored and provide assurance that visits are being carried out.

Responsible Officer	Deadline
Head of Tenancy and Caretaking	2 December 2024

Control Area 4: Record Keeping & Information Management

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 4
	NEC Document Management	**Expected Control** The Tenancy team retain all relevant information, documents and evidence from the NTV on SharePoint. NEC is updated when visits are completed. **Finding/Issue** A review of the records held on NEC and SharePoint for a sample of ten new sign-ups between May and July 2024 found that: • In four instances the Tenancy Sustainment Officer was unable to find the case within NEC and therefore was unable to confirm if these had been marked as 'Complete'; • In one instance a NTV was not marked as 'Complete' but had a completed NTV form in SharePoint; and • In eight instances (including four of the cases noted above) there was no NTV form completed and saved into SharePoint. **Risk** Where important information regarding the tenancy sign-up is not saved onto SharePoint, as per the New Tenancy Sign Up Checklist, the Council fails to record key information around the sign-up. Additionally, where staff are unfamiliar with the housing system and are unaware of its functionalities, they may not be using it correctly nor be able to locate information needed at that time.

Responsible Officer	Deadline	
Head of Tenancy and Caretaking	2 December 2024	

Control Area 5: Management Reporting

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 5

Responsible Officer	Deadline
Head of Tenancy and Caretaking	2 December 2024

Control Area 5: Management Reporting

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 6
	There is now an automate	**Expected Control** The Council use system driven performance information around New Tenant Visits to identify issues or delays and report this to management. **Finding/Issue** The Head of Tenancy Services and Caretaking advised that New Tenant Visit performance was reported quarterly in the Housing Services Performance Monitoring Report. The Head of Tenancy Services and Caretaking advised that these performance statistics were based on self-reporting of the number of checks by Tenancy Officers through the Tenancy Officer KPI report, an internally held spreadsheet, updated by Tenancy Officer's, rather than information being drawn from system data within NEC.

Responsible Officer	Deadline	**Risk**
Head of Tenancy and Caretaking	2 December 2024	Where sign-up performance to management is based on a manually maintained report there is a risk that reporting is inaccurate. The process is also inefficient and requires staff time that could be used for other tasks.

forvis
mazars

4. Priority 3 Issues

Agreed action	Findings
Control Area 1: Legislative, Organisational and Management Requirements **Action proposed by management:** The draft procedure is being completed and will contain details of all reports, enabling All staff involved in tenants sign up and new tenancy visits will be provided with a copy of the procedure and a briefing will be given. **Responsible Officer:** Head of Tenancy and Caretaking **Deadline:** 2 December 2024	**Expected Control** The Council has appropriately detailed tenancy visiting procedures which outline the roles and responsibilities of officers, information that is required to be gathered and where this information should be stored. Additionally, an agreed procedure is in place that outlines the process to be followed when performing a first visit and what to do in the instance of an unsuccessful first visit. **Finding/Issue** The New Tenancy Visiting (NTV) Procedure was in draft at the time of audit fieldwork with no previous versions available to Officers. However, a NTV Process was in place which provides a high-level flow diagram of the process and the New View Sign Process 2024 notes management expectations on how to conduct a viewing. **Risk** Where the Council does not have adequate procedures, officers do not understand their responsibilities and NTVs are not conducted consistently resulting in the Council failing to gather the information needed for the Council.
Control Area 3: Resource Management & Scheduling of New Tenancy Visits	**Expected Control**

Agreed action	Findings
Action proposed by management: A large percentage of tenants that are rehoused in one-bedroom properties and bedsits are vulnerable, hence their recourse to Council housing. Six weekly visits are carried out by Tenancy Sustainment Officers. The Officers are able to provide specialist support and advice to tenants. **Responsible Officer:** Head of Tenancy and Caretakers. **Deadline:** 2 December 2024	The Council identifies potentially vulnerable tenants at sign up and ensures that they are prioritised for tenancy visits. **Finding/Issue** The Head of Tenancy Services and Caretaking advised that vulnerable tenants were not flagged upon sign up to prioritise their visit. It was discussed with the Head of Tenancy Services and Caretaking that this would be implemented at in the future. **Risk** Where vulnerable and flagged tenants are not prioritised for new tenancy visits there is a risk that the Council fails to provide support to vulnerable tenants leading to harm to tenants.

forvis mazars

AUDIT TERMS OF REFERENCE

Tenancy Sign-Ups and New Tenancy Visits

1.   INTRODUCTION

1.1   Croydon Council (the Council) manages around 15,000 residential properties, including around 13,400 HRA properties (commonly known as Council Homes). HRA properties are rented to eligible tenants at below market rent.

1.2   There is a long-standing shortage of HRA homes affecting most local authorities: there are around 5,000 individuals/families on the Council's waiting list, but in 2022/23, only 260 properties became available. This equates to roughly five properties becoming available each week

1.3   Prospective residents apply to Croydon Choice housing register and once accepted are able to bid on the properties that they would like to live in. However, the allocation of the property is based upon the needs of the applicants with the Council prioritising based on need and time on the register. Candidates for Council properties have been waiting for over 10 years in some cases.

1.4   The Council publishes its Housing Allocation Scheme that outlines how the Council will allocate properties to those who bid for a property. It outlines that once an offer is made the prospective tenant will be asked to view the property and then sign a tenancy agreement.

1.5   Once a new tenancy begins a new tenancy visit will be undertaken within six weeks to ensure that the tenant has settled into their new property.

1.6   This audit was part of the agreed Internal Audit Plan for 2024/25.

2.   OBJECTIVES AND METHOD

2.1   The overall audit objective was to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.

2.2   The audit for each control / process being considered:

- Walked-through the processes to consider the key controls.

- Conducted sample testing of the identified key controls, and

- Reported on these accordingly.

3.   SCOPE

3.1   This audit, focused on tenancy sign ups and new tenancy visits, was undertaken as part of the 2024/25 Internal Audit Plan. The specific scope included the following areas and recommendations:

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Organisational and Management Requirements	-	-	1
Adherence to tenancy sign-up procedures (including checklist, ID check)	-	2	-
Resource Management & Scheduling of New Tenancy Visits	-	1	1
Record Keeping & Information Management	1	-	-
Management Reporting	1	1	-
Total	**2**	**4**	**2**

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	the system objectives and the controls are constantly 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 of the controls which may put this achievement at risk.
🟠	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk,
🔴	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

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

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	
Priority 3 (Low)	the value for money of the review area.

forvis mazars

Statement of Responsibility

We take responsibility to 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.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent.   To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

Registered office: 30 Old Bailey, London, EC4M 7AU, United Kingdom. Registered in England and Wales No 0C308299.