

# Final Internal Audit Report

## Housing Registration and Allocation

### December 2016

**Distribution:** Executive Director of People (Final only)  
 Director of Housing Need  
 Housing Strategy Manager  
 Head of Housing Solutions  
 Housing Allocations Manager  
 Housing Mobility Team Manager

Assurance Level	Recommendations Made	
<b>Substantial Assurance</b>	Priority 1	0
	Priority 2	8
	Priority 3	0

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This report has been prepared on the basis of the limitations set out in Appendix 3.

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## 1. INTRODUCTION

The Localism Act 2011 gave local authorities greater powers to determine for themselves those persons qualifying for the allocation of social housing in their areas and to be included on their waiting list (housing register). Due to the significant demand for social housing, the housing allocations scheme describes how the Council assesses applications for housing, prioritises each application and decides which applicant will be offered ("allocated") a Council or a housing association home.

This audit was undertaken as part of the agreed Internal Audit Plan for 2016/17. The objectives, scope and approach are included in the Audit Terms of Reference at Appendix 1.

## 2. Key Issues

Priority 2 Recommendations
Some actual working practices found to differ to those detailed in the Croydon Housing Allocations Scheme ( <b>Rec. 1</b> ).
The Target Allocation Plan was not published on the Council's website ( <b>Rec. 2</b> ).
Sample testing of the review process, identified instances where evidence of eligibility checks and copies of relevant documents were not available ( <b>Rec. 3</b> ).
Clients were not always notified of delays where the review of appeal cases took more than the prescribed eight weeks ( <b>Rec. 4</b> ).
Verification checklists were not completed by housing officers for the sample of cases examined ( <b>Rec. 5</b> ).
Annual reviews of applicants on the housing register are not carried out ( <b>Rec. 6</b> ).
Two exceptions to the housing register bands and date order system were not evidenced as authorised by the Director of Housing Needs and Strategy ( <b>Rec. 7</b> ).
Evidence of pre-allocation checks was not available for the sample of cases examined where more than a month had elapsed between verification and allocation ( <b>Rec. 8</b> ).

### 3. Actions and Key Findings/Rationale

<b>Area 1 – Organisational and Management Requirements</b>			
<b>Priority</b>	<b>Recommendation 1</b>	<b>Detailed Finding/Rational</b>	
2	<p>The Croydon Housing Allocations Scheme should be reviewed and, where appropriate, amended (with any amendments being consulted and agreed in line with the requirements of the Housing Act 1996.)</p> <p>The procedure notes in place should be dated.</p>	<p>The Housing Act 1996, Part VI 'Allocation of housing accommodation', paragraph 168 (1) states that, '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.'</p> <p>It was confirmed that a copy of the Croydon Housing Allocations Scheme is published on the Council's website. However, this document is dated February 2014 and is thus considered due for review. Furthermore, our testing identified that some current working practices differed to those detailed in the document.</p> <p>It was also identified that some of the procedure notes in place (including 'Procedures for Pre-allocating Void Properties', 'Procedure for New Council Voids' and 'Procedure on How to allocate') do not included next review dates.</p> <p>Where procedure guidance is not reviewed and updated where applicable, there is a risk that inconsistent working practices could be adopted resulting in inefficiencies.</p>	
<b>Management Response</b>		<b>Agreed/Disagreed</b>	<b>Responsible Officer</b>
Public consultation on the Council's housing allocation scheme has been launched and closed on 5 September 2016. Cabinet approval is anticipated in the autumn with a new policy becoming effective early in the new year. Procedures and guidance would be revised to reflect the new policy position and dated.		Agreed	Head of Housing Solutions
		<b>Deadline</b>	March 2017

Priority	Recommendation 2	Detailed Finding/Rational		
2	<p>The intention in the 'Croydon Housing Allocations Scheme' for the Target Allocation Plan to be published on the Council's website, should be reviewed and either:</p> <ul style="list-style-type: none"> <li>• The 'Croydon Housing Allocations Scheme' amended /or</li> <li>• Appropriate actions taken to publish the Target Allocation Plan on the Council's website.</li> </ul>	<p>The 'Croydon Housing Allocations Scheme' paragraph 24 states that, 'We publish the Target Allocation Plan on the council's website <a href="http://www.croydon.gov.uk">www.croydon.gov.uk</a>'.</p> <p>It was confirmed that, while the Council had a Target Allocation Plan (TAP) in place, which is regularly monitored, this had not been published on the Council's website.</p> <p>Where the Council does not comply with the scheme of allocation and publish the TAP, there is risk that the public may lose confidence in the Council resulting in reputational damage.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>As above, the Council's allocation scheme is under review and subject to cabinet approval, choice based lettings (CBL) is to be introduced. Under the CBL scheme, we will seek to provide applicants with greater information to enable them to make their own decisions about where they live and exercise an element of choice. Allocation outcome would be published.</p>		Agreed	Housing Allocations Manager	March 2017

<b>Area 2 – Processing and Vetting Applications</b>							
<b>Priority</b>	<b>Recommendation 3</b>						
2	<p>Complete verification checks to be carried out and relevant verification documents maintained on file. The officer performing the checks to ensure that supporting evidence of all checks carried out, are scanned and saved in the client's account on SharePoint.</p> <p>Verification documents to be maintained include:</p> <ol style="list-style-type: none"> <li>Eligibility documents (passport, birth certificate and residence permits)</li> <li>Household details (children's birth certificates, marriage or divorce certificates)</li> <li>Proof of income and proof of residence (bank statements, tenancy agreement, utility bill, location of school and Experian checks)</li> <li>Medical/army records should be obtained where applicable</li> </ol>						
	<p><b>Detailed Finding/Rational</b></p> <p>The 'Croydon Housing Allocations Scheme' paragraphs 96 to 100 details how applications are to be verified and the documentation that applicants are required to provide.</p> <p>A sample of 10 cases, where applicants had been allocated social housing in the year 2015/16, were examined and the following identified:</p> <ul style="list-style-type: none"> <li>In one case evidence could not be provided to show that eligibility checks were carried out.</li> <li>In two applicable cases evidence of partner's verification documents could not be provided. (In one case confirmation whether the applicant had a partner was not available.)</li> <li>Two cases where child verification documents were not retained (In one case confirmation whether the applicant had had children was not available).</li> <li>Two cases where evidence of the applicant's financial status was not retained.</li> <li>Five cases where evidence of Experian checks was not retained.</li> <li>Two cases where confirmation whether medical or army records were required was not available.</li> </ul> <p>Where evidence of verification checks is not retained, there is a risk that these verification checks have not been properly conducted. Furthermore, should the applicant be investigated for fraud after being placed, there is a lack of record to assist the investigation.</p>						
	<p><b>Management Response</b></p> <p>The Housing Mobility Team Manager has issued a reminder notice to all her staff about retention of relevant verification documentation.</p>						
	<table border="1"> <thead> <tr> <th><b>Agreed/Disagreed</b></th> <th><b>Responsible Officer</b></th> <th><b>Deadline</b></th> </tr> </thead> <tbody> <tr> <td>Agreed</td> <td>Housing Mobility Team Manager</td> <td>January 2017</td> </tr> </tbody> </table>	<b>Agreed/Disagreed</b>	<b>Responsible Officer</b>	<b>Deadline</b>	Agreed	Housing Mobility Team Manager	January 2017
<b>Agreed/Disagreed</b>	<b>Responsible Officer</b>	<b>Deadline</b>					
Agreed	Housing Mobility Team Manager	January 2017					

Priority	Recommendation 4	Detailed Finding/Rational		
2	<p>The review of appeal cases should be completed within 8 weeks (56 days) of review request. Where it is identified that the review is likely to take longer than 8 weeks the respective applicants should be notified of the delay in review and new time limits agreed.</p>	<p>The Croydon Housing Allocation Scheme, paragraph 388 states that. 'the council has a period of eight weeks to reach a decision on review and in no circumstances will representations be accepted after three weeks have passed from the date of review request, except in the circumstances described below. This is to ensure that the review process is not subject to lengthy delays and that the authority has sufficient time to consider your case. Paragraph 391 states that, 'You will be informed of the review decision and the reasons in writing within the timescales outlined above. However, if we need more time to look into your case, we will write to you about this and agree a new time limit with you.'</p> <p>Examination of a review monitoring spreadsheet identified 7 cases where the review was still pending after 56 days. Evidence could not be provided to show that applicants had been notified of the delay in the review process.</p> <p>Where reviews are not completed in a timely manner and clients are not notified of delays, there is a risk that clients may lose confidence in the Council's ability to adequately assess their housing needs, this could result in increase in complaints against the Council and reputational damage.</p>		
<b>Management Response</b>		<b>Agreed/Disagreed</b>	<b>Responsible Officer</b>	<b>Deadline</b>
Housing Mobility Team Manager has issued a reminder to her team members re; policy expectation and emphasis on customer care.		Agreed	Housing Mobility Team Manager	January 2017

Priority	Recommendation 5	Detailed Finding/Rational		
2	<p>Housing verification officers should be reminded of the requirement for a verification checklist to be completed to ensure that all required checks have been conducted prior to applicants being put on the housing register.</p>	<p>A 'verifications/approvals Pro forma' is in place, which is used as a checklist to help ensure that all necessary checks have been conducted prior to applicants being put on the housing register.</p> <p>Examination of the records for sample of 10 cases, where applicants had been allocated social housing in the year 2015/16, could not evidence that verification checklist had been completed for any of the cases sampled.</p> <p>Where a verification checklist is not completed, there is risk that certain checks may be missed out by verification officers; this could result in ineligible clients being put on the housing register.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Housing Mobility Team Manager has issued a reminder to her staff.		Agreed	Housing Mobility Team Manager	January 2017



<b>Area 3 – Maintaining the Housing Register</b>			
<b>Priority</b>	<b>Recommendation 6</b>		
<b>2</b>	<p>The intention in the 'Croydon Housing Allocations Scheme' to review each application annually should be reviewed and either:</p> <ul style="list-style-type: none"> <li>• The 'Croydon Housing Allocations Scheme' amended /or</li> <li>• Appropriate actions taken to review each application annually.</li> </ul>	<p>The 'Croydon Housing Allocations Scheme' paragraph 91 states that, '<i>We will review your application every year on the anniversary of your application.</i>'</p> <p>Examination of the records for a sample of 10 entries on the Councils Housing Register cases was unable to confirm that any have been annually reviewed. Discussions with the Housing Mobility Team Manager established that the Council does not carry out annual reviews any longer due to resource constraints.</p> <p>Where annual reviews are not carried out, there is likelihood that the housing register may include unnecessary records and thus present an inaccurate picture of the overall housing need.</p>	
<b>Management Response</b>		<b>Agreed/Disagreed</b>	<b>Responsible Officer</b>
The annual review procedure is to be reinstated with the implementation of the new Allocation scheme.		Agreed	Housing Mobility Team Manager
		<b>Deadline</b>	March 2017

<b>Area 4 – Allocation</b>				
<b>Priority</b>	<b>Recommendation 7</b>	<b>Detailed Finding/Rational</b>		
2	The Housing Register bands and date order system should be used for all allocation decisions. Where exceptional circumstances apply, authorisation of the Director of Housing Needs and Strategy or a nominated deputy should be obtained.	<p>The Croydon Housing Scheme of Allocation paragraph 277 states that, 'We will use the housing register bands and the date order system for the vast majority of housing allocations we make. However, there are occasions when we have to respond to exceptionally urgent housing applications that do not fit in with the banding system. All exceptional circumstances will be approved by the director of housing needs and strategy or a nominated deputy and will be placed in band'.</p> <p>Examination of the records for a sample of 10 cases, where applicants had been allocated social housing in the year 2015/16, to confirm that that match lists (based on date order and bands) identified two exceptions both in band 2A. While the allocation officers explained that one case was an Out of Turn offer, evidence could not be provided to show that application has been approved by the Director of Housing Needs and Strategy.</p> <p>Where out of turn cases are not appropriately processed and authorised, there is a risk that inappropriate allocations may not be identified.</p>		
<b>Management Response</b>		<b>Agreed/Disagreed</b>	<b>Responsible Officer</b>	<b>Deadline</b>
It is recognised that there may be occasions where time expediency may mean verbal instructions are given, in such cases, the Allocations manager will seek retrospective confirmation. The appropriateness of further delegation to the housing allocations manager would be investigated in the current on-going scheme review.		Agreed	Housing Allocations Manager	January 2017

Priority	Recommendation 8	Detailed Finding/Rational		
2	Where more than a month has elapsed since applicants were verified, pre-allocation checks should be carried out to ensure that applicant is still eligible to social housing prior to being placed.	<p>The Croydon Housing Scheme of Allocation 'Annex 1: Eligibility' states that '<i>We will consider an applicant's eligibility at the time of the initial application and again when considering making an allocation to them, particularly where a substantial amount of time has elapsed since the original application</i>'. The Housing Mobility team manager confirmed that this should not be more than one month prior to the allocation.</p> <p>Examination of a sample of ten cases, where applicants had been allocated social housing in the year 2015/16, identified six where allocation decisions were made between 1.5 and 49 months after these had been verification. No record of pre-allocation checks was available.</p> <p>Where pre-allocation checks are not conducted, there is a risk that applicant's details may not be up to date and applicant may no longer be eligible for social housing, this could result in incorrect allocation decisions being made.</p>		
<b>Management Response</b>		<b>Agreed/Disagreed</b>	<b>Responsible Officer</b>	<b>Deadline</b>
The Housing Mobility Team Manager is reviewing current practice and will remind team of the current requirement and expectation.		Agreed	Housing Mobility Team Manager	January 2017

## AUDIT TERMS OF REFERENCE

### Housing Registration and Allocation

#### 1. INTRODUCTION

- 1.1 The Localism Act gives local authorities greater freedom enabling them to set their own rules and scheme governance who should qualify for the housing waiting list (housing register). The waiting list rules must still ensure social housing goes to the most vulnerable in society and those who need it most.
- 1.2 Due to the significant demand, the housing allocations scheme describes how the Council assesses applications for housing, prioritises each application and decides which applicant will be offered ("allocated") a Council or a housing association home.
- 1.3 This audit is being undertaken as part of the agreed Internal Audit Plan for 2016/17.

#### 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 housing registration and allocation.
- 2.2 The audit will for each area included in the scope:
- Document and evaluate the risks and controls for each process to consider the key controls;
  - Undertake sufficient testing of controls operating, on a sample of transactions; and
  - Reach a conclusion on the effectiveness of the controls operating and report.

#### 3. SCOPE





- 3.1 This audit will examine the Council's arrangements for housing registration and allocation will include the following areas:

Control Areas/Risks	Recommendations Made		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Regulatory, Organisational and Management Requirements	0	2	0
Processing and Vetting of Applications	0	3	0
Maintenance of the Housing Registers	0	1	0
Allocations	0	2	0
Monitoring and reporting	0	0	0

## DEFINITIONS FOR AUDIT OPINIONS AND RECOMENDATIONS

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 recommendations are based on the following criteria:

<b>Priority 1 (High)</b>	Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk.
<b>Priority 2 (Medium)</b>	Control weakness that represent an exposure to risk and require timely action.
<b>Priority 3 (Low)</b>	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 for this report which is prepared on the basis of the limitations set out below.

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. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all 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. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

**Mazars Public Sector Internal Audit Limited**

**London**

**December 2016**

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