

Management update - June 2018

Brentwood Borough Council

INTERNAL AUDIT REPORT

Audit 3. Housing

November 2017

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Limited	Moderate



Draft



CONTENTS

Executive Summary	3	Appendices:
Detailed Findings and Recommendations		I Housing Revenue Account Property
Observations		II Records Management
		III Staff Interviewed
		IV Definitions
		V Terms of Reference

REPORT STATUS	
Auditors:	Angela Mitchell
Dates work performed:	July 2017 to September 2017
Closing Meeting:	1 November 2017
Draft report issued:	
Final report issued:	

DISTRIBUTION LIST	
Angela Abbott	Head of Housing
Stuart Morris	Interim Housing Manager
Nicola Marsh	Housing Manager
Jacqueline Van-Mellaerts	Financial Service Manager (Deputy Section 151 Officer)

Restrictions of use

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

EXECUTIVE SUMMARY

BRENTWOOD BOROUGH COUNCIL VISION		
Work to ensure our Housing stock is managed so that it delivers comfortable and safe homes for our tenants that are efficient and sustainable		
LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)		
Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved
Effectiveness	Moderate	Non-compliance with some controls which may place some system objectives at risk
SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)		
High		2
Medium		6
Low		1
Total number of recommendations: 9		

OVERVIEW

Background:

Council Housing stock, as at the 31 March 2017, was: 1,159 flats, 1,320 houses and bungalows, and 7 equity share properties. The Council has recognised an increasing demand for social housing. In 2016/17 the Council spent £5.3m on Housing of which £2.9m was expenditure on repairs and maintenance.

Our review considered the adequacy of arrangements relating to Housing stock (due diligence checks and fraud prevention, debt recovery and compliance checks), Right to Buy (governance, checks on qualifying criteria, valuations and tenant advice) Housing maintenance contractual arrangements and Leaseholder Service Charge accounts (apportionment and billing).

From our review, we noted the following areas of good practice:

- The Housing team provide reports on Housing assets to the Finance Team monthly, and the Finance Team have performed a detailed check of the Finance Asset Register to the properties recorded on the Orchard System, and plan to repeat this check annually
- Rents are determined through calculations applied to source data from the Orchard system on properties, and through application of policies and transitional arrangements using the Rent Model. Invoices for rent due are produced promptly and checked by the Housing team prior to the new year rents becoming due
- Tenants are offered a variety of methods to pay their rent.

However, we also noted the following areas of improvement:

- Housing records are dispersed, many records are maintained in paper form, and records and information management does not accord with best practice guidelines. There is scope to develop the current retention guidelines, introduce records management protocols, review arrangements for storage and retrieval of records, and ensure that staff are aware of the requirements of the Data Protection Act and new General Data Protection Regulations (Finding 1 - high)
- The Council does not have an Estates Management Strategy, and estates inspections had lapsed (Finding 2 - High)
- There is a need to clarify the arrangements for allocation of Council properties between the HRA and General Fund and review current allocations, to provide clarity over roles and responsibilities between the Housing and Assets team, and review the format of asset related records (Finding 3 - Medium)
- Protocols for cyclical and responsive repairs have not been defined (Finding 4 - Medium)
- There is scope to review the Anti Social Behaviour Strategy (ASB) and to link it to the Community Safety and Housing pages on the Council's website. There is also scope to review the format of ASB records (Finding 5 - Medium)

EXECUTIVE SUMMARY (Continued)

OVERVIEW

Continued:

Areas of improvement - Continued:

- Records of vulnerable tenants and those with enacted Lasting Power of Attorney are not currently easily accessible (Finding 6 - Medium)
- The process of uploading tenant payments made via All Pay should be automated (Finding 7 - Medium)
- Accounts in credit are not subject to regular checks by Housing staff, giving due consideration to fraud risks (Finding 8 - Medium)

Conclusion

We have issued 2 High, 6 Medium and 1 Low priority findings, and have issued an opinion of Limited for the design and Moderate for the effectiveness of the Housing systems, reflecting that whilst there are some areas of good practice, there were also areas of weakness and opportunities for improvement to be developed, such as relating to Estates Management and inspections, records management, asset records, cyclical and responsive repairs, the Anti Social Behaviour strategy and records, records of vulnerable tenants, efficiency of processes relating to receipt of payments, and checks on accounts by Housing staff.

LOOKING FORWARD: SUPPORTING THE COUNCIL'S JOURNEY FROM LIMITED TO SUBSTANTIAL ASSURANCE

<p>Design</p>	<p>Limited</p>	<p>Substantial</p>	<p>Add in controls we have recommended regarding:</p> <ul style="list-style-type: none"> • Develop an estate management strategy, train staff to conduct inspections and prepare checklists to support inspections, and re-introduce estate inspections • Introduce robust information and records management, and review records against defined protocols • Train staff in requirements of the Data Protection Act and General Data Protection Regulations • Determine rules for the allocation of Council properties between the HRA and General Fund and check allocations against rules • Define protocols for cyclical and responsive repairs and implement a programmes and inspection regime • Conduct reviews of accounts in credit for which there is a high fraud risk
<p>Effectiveness</p>	<p>Moderate</p>	<p>Substantial</p>	<ul style="list-style-type: none"> • Review use of technology to enhance effectiveness of collection, storage and reporting of data, including relating to Housing records and ASBs, records of vulnerable tenants, and automation of processes • Agree working protocols, roles and responsibilities for the Assets and Housing teams • Review storage of asset records to build resilience

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Tenancy records are dispersed or do not include all required information, which inhibits effective tenancy management			
Ref.	Finding	Sig.	Recommendation
1.	<p>Housing staff advised that there is no protocol defining the information and data that the Council should be recording or retaining for tenants.</p> <p>A lot of forms and records used by the Housing team are paper based, Housing staff advised that they record everything and retain the information in various places - including paper records in the filing room, on the Housing system, in computer files on separate drives, and various papers within the Housing office. There are no guidelines, and no consistent approach to records and information management, and we were advised that digital records are not maintained as the team rely on paper records.</p> <p>We were advised that records on occasion have included former joint tenant information being retained on the current tenant file, and opinions (such as relating to fraud risk)</p> <p>The Housing team do have a Retention Policy, but the team do not have a complete view of the information they hold, and there has not previously been a review of the data and no systematic disposal in accordance with the Council's Retention policy, although we noted that the team has recently cleared a lot of paper files from the filing room in preparation for all Council staff moving out of the Town Hall for refurbishment works.</p> <p>The Housing Team Retention Policy is brief, and the content is not consistent with the Retention Guidelines for Local Authorities which have been adopted by other Local Authorities (see example at Appendix II). The Information Commissioner has also produced guidelines on Records Management - Appendix II also includes a summary of the relevant guidance.</p> <p>Staff did advise that they are generally able to locate house files, and the Housing system does include a Document Management System. Staff noted that there is an increase in information being provided in pdf form, and could therefore easily be stored in a DMS.</p> <p>During discussions with staff, we were advised that staff had not received training in the requirements of the Data Protection Act, and were also not aware of the implications of the General Data Protection Regulations (which are effective from May 2018)</p> <p>Continued:</p>	High	<p>a) Introduce robust information and records management in accordance with ICO guidance, including development of a records management policy covering retention, security, destruction, and data protection.</p> <p>b) Identify the Housing records to be maintained, and retention periods, and review arrangements for their storage and retrieval - consider use of the Housing DMS or a Corporate alternative supporting customer relationship management. (Refer to Retention Guidelines for Local Authorities and policies adopted by other Local Authorities)</p> <p>c) Provide training and generally raise staff awareness of the Data Protection Act and the General Data Protection Regulations. In particular ensure staff do not record opinions, and that records contain appropriate information.</p> <p><i>It may also be appropriate to conduct a more detailed review of the Council's compliance with the DPA and preparedness for GDPR</i></p>

DETAILED FINDINGS AND RECOMMENDATIONS

Management Response	RESPONSIBILITY AND IMPLEMENTATION DATE
<p><u>Update - June 18</u> Orchard DMS system live, new records are held electronically, HPA2 live which is the homelessness module on Locata. Housing register on-line module went live on 4/6/18, documents received in paper form are scanned onto the relevant I.T system and destroyed. All new documentation held is now on-line. A forward plan is currently being drafted to prioritise the review of all existing paper documentation held and the time frame to be transferred to an electronic format and destroyed. All staff have received the mandatory GDPR training and updates/refreshers have been held at individual team meetings by the interim Housing Policy Manager. Information, is being collated centrally as part of a wider Council review. The Orchard I.T system has been configured to automatically destroy electronic information held there the retention period has expired. The Locata system is currently being configured by Locata to ensure GDPR compliancy.</p> <p><u>Update - March 18</u> The DMS system is now live. This will mean that all new paper files can be held electronically and we can now move away from paper held files. A review of all existing paper files will be planned over the coming months, but will require a significant amount of staff resource to implement. It is anticipated that this will take at least 6 months to complete. As part of this review of files we will review our existing retention policy which has been reviewed internally and is awaiting comment Corporately.</p> <p><u>Update</u> All staff have now mandatory GDPR training. We are in the final stages of configuring the DMS system on Orchard which should be live in approximately 4-5 weeks. This will allow us to store all new documents electronically without the need for holding paper records. A review of all existing paper files will be planned over the coming months, but will require a significant amount of staff resource to implement. It is anticipated that this will take at least 6 months to complete. As part of this review of files we will review our existing retention policy The Council's Digital Services Manager (Lorraine Jones) has a role to create a customer portal, the Housing team will work with the Contact Centre Manager to determine the approach to Housing records storage and retrieval</p>	<p><i>Responsible Officers: AA/SDM</i></p> <p><i>Implementation Date: August 2018</i></p>

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Estate management protocols are not defined, or staff do not adhere to them			
Ref.	Finding	Sig.	Recommendation
2.	<p>The Housing Team prepared inspection procedures in 2015 (to define how inspections would be carried out) and have previously adopted a rota for estate management inspections (performing inspections on a 6 monthly cycle), but these lapsed and at the time of the audit there had been no inspections since around June 2016. Inspections were expected to recommence around September 2017. Housing staff advised that their visits did initially detect issues, but these diminished as issues were resolved. We were advised that staff conducting inspections were not always fully familiar with which issues required reporting, and therefore non serious matters were repeated on subsequent inspections.</p> <p>When staff previously conducted inspections, the outline status was recorded on a log and a paper based form was completed and passed to the repairs team, Contractors and caretakers. Digital technology offers opportunity for improved efficiency in recording and monitoring resolution of issues identified.</p>	High	<ul style="list-style-type: none"> a) Develop an Estate Management Strategy and procedure b) Determine Estate Management inspection protocols and carry out inspections accordingly c) Train Housing staff to conduct estate management inspections d) Prepare checklists to support Housing staff conducting inspections (including for first day of tenancy (such as ensuring a working fire alarm) and for ongoing checks e) Consider use of technology to improve recording of issues identified, sharing data as appropriate, and monitoring of resolution f) Develop reporting arrangements for other Council staff already working in the Borough to report estates issues
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
<p>Update - June 18</p> <p>Estate Management Strategy approved at Community, Health & Housing Committee March 18.</p> <p>Estate inspections conducted every 6 weeks, which are reviewed again at the next inspection. The HM and H&S Manager will be considering the use of an alternative I.T solution for estate inspections/monitoring by the use of an app based house mark system and keystone. Presentations for both I.T systems are scheduled.</p> <p>Update - March 18</p> <p>Estate inspections now take place every 6 weeks. A checklist form has been drafted for Officers to use in the short term while an electronic form is created. Estate Inspections will now be a standing item on the Estate Management team meetings on a fortnightly basis to ensure actions highlighted are reviewed and completed.</p> <p>In line in with the recommendation for a Estate management Strategy policy this will be undertaken and submitted to the March 2018 Housing Committee meeting for approval.</p> <p>The team are looking to develop an online form for estates staff to fill in, they will also prepare a procedure manual and will benchmark processes with other Local Authorities</p>		<p>Responsible Officers: AA/SM</p> <p>Implementation Date: April 2018</p>	

Update:

The Estate Management Strategy has been completed and is due to be presented to Committee in March 2018., together with the forward plan for 18/19 Estate Inspections. We are currently considering joining Benchmark which will provide the opportunity to benchmark our processes alongside other Authorities. Benchmark are to provide a presentation on the 1st March 2018. The development of an on-line form is still pending.

Estate inspections now take place every 6 weeks. A checklist form has been drafted for Officers to use in the short term while an electronic form is created. Estate Inspections will now be a standing item on the Estate Management team meetings on a fortnightly basis to ensure actions highlighted are reviewed and completed.

In line in with the recommendation for a Estate management Strategy policy this will be undertaken and submitted to the March 2018 Housing Committee meeting for approval.

The team are looking to develop an online form for estates staff to fill in, they will also prepare a procedure manual and will benchmark processes with other Local Authorities

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Records of Housing stock are incomplete or inaccurate, or are not reconciled to the Housing Asset Register
 RISK: Roles and responsibilities for maintenance of the Housing Asset Register are not clearly defined or not understood by staff
 RISK: Properties within the Housing Asset Register are clearly and accurately allocated to the Housing Revenue Account

Ref.	Finding	Sig.	Recommendation
3.	<p>Information on the Council’s Housing assets is maintained in the following systems:</p> <ul style="list-style-type: none"> - Housing ‘Orchard’ system - this is considered to be the prime record of Housing stock, other registers are verified back to the Orchard system - Finance Housing Asset Register - an exercise was conducted in March 2017 to verify this to the Orchard system records, this check will be conducted on an annual basis. The Finance team also check movements in HRA dwellings for the verification of the statement of accounts - Asset team Argus system - just one member of Council staff is able to access this system, she has periodically checked the HRA properties held on this system to the Housing Orchard system. Assets staff maintain separate lists to manage health and safety checks on other Council owned property. <p>We understand that the respective roles and responsibilities of Housing staff and Assets staff relating to management of Housing assets is not clear to all staff, and therefore the associated protocols are also not clear, this has reduced the opportunity for effective communication and thus the adoption of approaches which adversely impact the functions (for example the teams have identified issues relating to the letting of General Fund properties on secure tenancies, and the property boundaries used in determining valuations).</p> <p>Whilst records are on the whole maintained by the different teams for different purposes, there is potential for efficiency where Assets information can be combined in one system, or in automating the update of relevant records or fields.</p> <p>The Assets team identified that whilst the Housing system records HRA properties let to social tenants, there are other land parcels (such as play sites) which are potentially associated with the HRA, and that there are also some General Fund properties which have been let by the Housing team to social and mental health tenants - so there is some disparity between records. In addition, the Assets team noted that Right to Buy covenants have been stipulated by the Housing team in the past which included requirements for new owners to seek consent from the Council (for example for greenhouses), and when the new owner sells the property the Asset team spend time releasing them from the covenant as there is no legal basis for enforcing it).</p> <p>Continued:</p>	Med	<ul style="list-style-type: none"> a) A working protocol is agreed between the Housing Team and the Asset team to enable an approach reflecting the needs of both teams, and providing clarity on the impact of actions by teams on other areas of Council operations b) Determine the rules of Council land and property assets are to be allocated between the HRA and the General Fund c) Review all Council land and property assets to ensure they are allocated in accordance with (b) d) Review options for maintenance of Asset related records, to determine feasibility of implementing a combined system, or links between systems to enable efficient update of records e) Build resilience by ensuring the Assets system records are capable of being accessed by more than one member of staff. If access issues relate to the system no longer being supported or incompatible with current Council technology, an alternative system should be sought (in line with (d)). f) If records continue to be maintained separately, ensure there is a regular check between the Assets team records and the Housing system g) Until the Council has assurance over the accuracy of records of Right to Buy properties, additional cross checks are made from the Finance records of Right to Buy income or property purchases to the Housing asset records on the Orchard system

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Records of Housing stock are incomplete or inaccurate, or are not reconciled to the Housing Asset Register			
Ref.	Finding	Sig.	Recommendation
3. Cont	<p>Continued:</p> <p>The Assets team identified a need to:</p> <ul style="list-style-type: none"> - Identify the rules for determining whether land and property assets are allocated to the HRA or General Fund. (A brief outline of Section 74 of the Local Government Housing Act 1989 is attached at Appendix 1) - Assess all Council land and property assets against those rules and allocate accordingly <p>Note also that the 2016/17 Internal Audit report on Housing identified gaps in the information recorded on the Orchard system, including relating to Right to Buy. The Council is in the process of reviewing records and procedures, to provide assurance over the completeness and accuracy of records.</p>	Med	
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
<p>Update - June 18</p> <p>The Asset review is still ongoing.</p> <p>The keystone configuration has been completed, and a data cleansing exercise is ongoing. Further I.T configuration is required, and a staff resource has been identified to carry out this work.</p> <p>March - Update</p> <p>An corporate review of Council owned land or property is already underway which includes HRA assets.</p> <p>Keystone is the Housing Asset Management System for Housing which is currently being developed to ensure all asset data is recorded appropriately, due to the specialised I.T requirements we require Keystone to assist in the configuration which has been requested. We are awaiting the date confirmation.</p> <p>Where any General Fund properties are let through the Housing Team, the HRA Accountant ensures that rental income is credited to the General Fund, and that the cost of any repairs is debited to the HRA</p>		<p><i>Responsible Officers: AA/NM/VP</i></p> <p><i>Implementation Date: September 2018</i></p>	

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Requirements for cyclical and responsive repairs and maintenance are not defined or not adhered to			
Ref.	Finding	Sig.	Recommendation
4.	<p>There are currently no defined protocols for cyclical and responsive repairs. A programmes and inspection regime was previously in place but resulted in overspends, the Council is currently working to balance costs and ensure appropriate scope of works.</p> <p>The Council is currently working with Basildon Council, who are reviewing the status of properties before defining requirements: a stock condition survey has recently been completed, although at the time of the audit not all information had been received from the contractor and therefore limited information had been uploaded to the Housing system, and data that had been received was held on a test database pending data cleansing. The stock condition survey is expected to provide a lifespan for elements of Housing properties, although the reports to enable production of this information had not been prepared and therefore the planned programme of works has not been developed.</p> <p>The Keystone system is a standalone system which includes information on properties and jobs: there is currently only limited interface between Keystone and the Orchard Housing Management system. Contractors carry out responsive repairs under a price per property model, jobs are raised on the Contractors own system (which is separate to the Keystone system). There were previously daily files received from the contractor on works, but these were suspended for the Contractors to make the system updates required by the Council to enable the Council to track progress of jobs and spend, however the timing for completion of this is not clear.</p>	Med	<ul style="list-style-type: none"> a) Define parameters and protocols for cyclical and responsive repairs and replacement, and implement a programmes and inspection regime reflecting these protocols b) Develop system reports to reflect defined protocols c) Ensure remaining Stock Condition Survey information is received and uploaded, and reports produced as defined in (a) d) Agree timetable with contractors to resolve issues relating to links between the Council and Contractor systems to ensure the Council has current information on works completed e) Develop processes for monitoring against protocols for cyclical and responsive repairs
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
<p>Update: June 18</p> <p>Managed repairs service now live. Keystone information is currently being data cleansed and system upgraded to provide future programmes. Interim measures now in place to develop work programmes and appropriate Basildon based staff in place. A number of reviews have been carried out which included, gas, asbestos and fire management. The review for legionella is about to commence. From the reviews carried out to date, these have informed the preparation of work programmes, where compliancy is the immediate priority.</p>		<p><i>Responsible Officers: NM/RB/VP</i></p> <p><i>Implementation Date: September 2018</i></p>	

Update: March 18

All Stock Condition Survey information has now been received from the Contractor, and the Council is working with Basildon Council to implement records on the Keystone system to enable repairs management.

Housing contracts are currently under review, new arrangements will require links between Council and Contractor systems to be resolved.

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Estate management protocols are not defined, or staff do not adhere to them			
Ref.	Finding	Sig.	Recommendation
5.	<p>The Council does have an Anti Social Behaviour (ASB) strategy, this was found via a search of the website and was not linked to the Council's Community Safety or Housing website pages, and there was no specific protocol for the Housing Service. The Corporate ASB strategy located was dated 2005, and should therefore be reviewed to ensure it remains appropriate and up to date. We understand the Housing Options Team Leader is developing a Housing specific ASB protocol, with expected implementation October 2018. In the meantime, we understand the Housing team follow the corporate protocol and liaise with the Community Services Team.</p> <p>The Council's Uniform system does include a module for recording ASBs (this module is used by other Local Authorities), and we understand the Uniform is accessible to relevant staff and organisations, although we understand from Housing staff that they have not received training in its use. ASBs are therefore currently recorded manually.</p>	Med	<p>a) Review the corporate ASB strategy to ensure it remains appropriate and up to date, and provides clarity for staff on the protocols for managing ASBs including addressing the source issues such as through Housing Estates Management.</p> <p>b) Link the ASB strategy on the Council's website to the Community Safety and Housing team pages</p> <p>c) Consider use of a system (such as the Uniform system) for the recording of ASBs, and develop linking of ASB and Housing system data to enable reporting on tenancy issues and ASBs to facilitate improved management of the source of issues.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
<p>Update: June 18</p> <p>All ASB issues that are estate or tenancy related are referred to the ASB Officer (secondment), these are investigated by the ASB Officer jointly with the relevant Housing Officer/manager. This approach has been very successful to-date.</p> <p>Update: March 18</p> <p>No update at present</p> <p>Update:</p> <p>The Council's new Corporate Enforcement Manager, Tracey Lilley, is working towards full implementation of the Uniform system. Housing Services have now seconded an Estate Officer to the Corporate enforcement team to assist in the development of an ASB strategy which will include Housing.</p>		<p>Responsible Officers: NM/TL</p> <p>Implementation Date: September 2018</p>	

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Vulnerable tenants are not identified or the Council is not responsive to their needs			
Ref.	Finding	Sig.	Recommendation
6.	<p>User defined codes (UDCs) are input to the Orchard Housing Management system which pop up automatically when a tenant record is opened, examples of use of UDCs include: 2 people to attend, potentially violent, and anti social behaviour. This list of pop ups has evolved, new codes are added following approval of the Housing Manager .</p> <p>The Orchard system is capable of reporting on the accounts to which UDCs are linked, the Housing Manager advised that she has conducted a review of all UDCs applied to accounts to ensure they are appropriate, and she will continue to perform this review on an annual basis.</p> <p>The current list of UDCs does not include any option for recording Lasting Power of Attorney (LPA or PoA), or otherwise vulnerable tenants. We were advised that for these cases there is either a written note in the paper based 'house file' or a 'See Notes' pop up is used on the Housing system, however the Housing team acknowledge that information presented this way is not readily available amongst other notes and records, and would therefore also not be available for staff or contractors visiting the tenant.</p>	Med	<p>a) Add indicators to the Housing Management system to clearly flag vulnerable tenants and those for whom Power of Attorney is enacted.</p> <p>b) Where Power of Attorney has been enacted, correspondence name fields on the Housing system are addressed to XX PoA for YY.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
<p>Update: June 18</p> <p>Complete</p> <p>Update:</p> <p>DMS system live 2.2.18</p> <p>Discussed with Stuart Morris and Nicola Marsh 1/11/17</p> <p>Agreed - Where identified, UDC's will be placed on Orchard. When the DMS system is live on Orchard paper versions will be recorded electronically as we will no longer retain paper files.</p>		<p><i>Responsible Officers: AA/NM/VP</i></p> <p><i>Implementation Date: January 2018</i></p>	

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Income is not promptly and accurately allocated to Tenant accounts
 RISK: Income allocated to rent accounts is not reconciled to income systems and the ledger

Ref.	Finding	Sig.	Recommendation
7.	<p>Housing customers are able to pay their rent via a payment card at post offices and other outlets. Each day a member of the Housing team logs in to the All Pay website and downloads the payment files to the Cash Receipting system, and then an overnight payment run inputs the payments into the tenant accounts on the Orchard system.</p> <p>The Systems Accountant advised that the use of bar coded letters for customers would facilitate an automated upload of the payment file, removing the need for manual intervention by Housing staff. The Council's Revenues and Benefits team now successfully use bar coded bills, these allow automation of the upload of payments and no issues with this approach have been identified.</p>	Med	Automate the process of uploading All Pay payments to the cash receipting system.

MANAGEMENT RESPONSE	RESPONSIBILITY AND IMPLEMENTATION DATE
<p>Update: June 18</p> <p>In progress - The daily reconciliations which are part of the daily batch jobs have now been automated which has resulted in a significant time saving. Further work is ongoing over the next few weeks.</p> <p>Update: March 18</p> <p>No update at present</p> <p>This will be reviewed as part of the ongoing development of the Orchard System and liaising with the Finance team.</p>	<p><i>Responsible Officers: NM/AA</i></p> <p><i>Implementation Date: September 2018</i></p>

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Accounts in credit are not subject to regular review			
Ref.	Finding	Sig.	Recommendation
8.	<p>Reports have been run of accounts in credit, however the last time this was run prior to the audit was in May 2015, although a tailored report was also run in May 2016 which identified accounts which were in credit but where there was also a debit on another related account. A credit report was run and provided to the Housing team during the audit.</p> <p>Accounts in credit are therefore not subject to regular review, the Chartered Institute of Housing has identified that significant levels of credit on a rent account can be a warning sign of potential fraud. Information on tenancy fraud, warning signs and fraud prevention was included in our 2016/17 Report on Housing, high fraud risk tenancies include those where the rent is always paid:</p> <ul style="list-style-type: none"> - Several months in advance or where there is significant credit on the rent account - In cash - Where the name on the bank standing order or direct debit does not match with that of the tenant <p>When the Housing team review the accounts in credit report to determine where the credit should be (to enable return to the tenant if appropriate), they enter the details manually on 'Transfer of Credits' forms, supporting documents or details are held in paper files with the forms.</p>	Med	<ul style="list-style-type: none"> a) Housing staff are informed that accounts in credit are a potential indicator of fraud b) Periodic checks are made on credit accounts by Housing staff, giving consideration to fraud risks c) The process for transferring credits is reviewed to identify options for efficiency through automation and streamlining
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
		<p><i>Responsible Officers: NM</i></p> <p><i>Implementation Date: April 2018</i></p>	

Update: June 18

A & b - complete

C - to be reviewed

Update: March 18

An automated report of accounts in credit are created on a fortnightly basis for review by Income Officers. A referral protocol is to be agreed between Housing and Fraud.

Tenancy fraud training has recently been provided to Housing staff, including fraudulent identity documents, fraud warning signs, fraud processes and explanations of fraud offences, the staff were very engaged with this training

The Housing team are currently in the process of creating EForms, including for the Transfer of Credits, the new process will enable online authorisation.

The Council has recently employed 2 Income Officers who will regularly review accounts in credit as part of their role

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Properties within the Housing Asset Register are clearly and accurately allocated to the Housing Revenue account			
Ref.	Finding	Sig.	Recommendation
9.	As part of the processes adopted to maintain consistent records of assets (see also finding 3 above) the Housing Team provide monthly reports on Housing assets to the Finance team. We understand the Housing Officer responsible for producing and sending these reports has resigned, at the time of our review the continuity arrangements for these checks had not been defined.	Low	The Housing team document the regular reports run from the Housing system, identifying the recipient(s), to ensure checks and provision of management information is continued following the departure of the officer currently running these reports
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
Update: Complete The reports are automated using business objects through Orchard. There is no manual processing requirement from any individual staff member.			<i>Responsible Officers: NM</i> <i>Implementation Date: January 2018</i>

APPENDIX I - HOUSING REVENUE ACCOUNT PROPERTY

The following summarises legislative guidance on the items to be included in the Housing Revenue Account

Local Government and Housing Act 1989 - Section 74

Specifies the major items to be included in the HRA as dwellings and other property, eg. garages, shops etc provided under Part II of the Housing Act 1985

The following are to be included in the HRA:

- Houses and building provided under Part II of the Housing Act 1985 (provision of Housing)
- Land acquired or appropriated for the purposes of that part
- Houses purchased under S192 of that Act
- Dwellings in respect of which a Local Authority has received assistance under Section 1 or 4(2A) of the Housing (Rural Workers) Act 1926
- Any property brought within the corresponding account kept under Part XIII of the Housing Act 1985 for years beginning 1 April 1990
- Land or other buildings as directed by the Secretary of State

(The Act includes further details)

APPENDIX II - RECORDS MANAGEMENT

The following summarises the best practice advice on Records Management as provided by the Information Commissioner Code of Practice on Records Management (to assist Authorities in complying with the Freedom of Information Act), and also includes a link to the Retention Policy adopted by Tower Hamlets Council as an example of application of Retention Guidelines for Local Authorities

Information Commissioner - Code of Practice on Records Management

Part 1: Records Management (Section 29) sets out the 'key elements' of good practice in records management. To meet these good practice recommendations an authority should:

- Have in place organisational arrangements that support records management - this includes the recognition of records management as a core corporate function, the allocation of clearly defined roles and responsibilities, and the provision of appropriate training
- Have in place a records management policy covering information security, records retention, destruction and archive policies, and data protection (including data sharing) policies
- Retain the records needed for business, regulatory, legal and accountability purposes
- Have in place systems that enable records to be stored and retrieved as necessary
- Know what records are held, where they are and ensure that they remain usable
- Ensure that records are stored securely and that access to them is controlled
- Define how long records should be kept for, and dispose of them when no longer needed
- Ensure that records shared with other bodies or held on their behalf are managed in accordance with the code
- Monitor compliance with the code

Retention Guidelines for Local Authorities as adopted by Tower Hamlets Council

www.towerhamlets.gov.uk/Documents/Information-Management/Records-management/Retention-scheduling/DR-Retention-Schedule-2-0.pdf

APPENDIX III - STAFF INTERVIEWED

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.

NAME	JOB TITLE
Angela Abbott	Head of Housing
Stuart Morris	Interim Housing Manager
Sharon McBride	Housing Support Team Leader
Nicola Marsh	Housing Manager
Rob Burton	Housing Contracts Manager (secondment from Basildon Council)
Gill Matthews	Housing Administration Assistant
Lauren Kealey	Tenant Participation Coordinator
Michael Hanson	Housing Officer
Vijay Parmar	Housing IT Consultant
Zoe Chittick	Housing Options Officer

NAME	JOB TITLE
Alistair Greer	Principle Accountant (Financial Reporting)
Chris Houghton	Systems Accountant
Phoebe Barnes	HRA Accountant
Jane Mitchell	Payments & Procurement Officer
Russell Clinker	Senior Asset Manager
Adrian Tidbury	Estate and Valuation Surveyor Portfolio Development

APPENDIX IV - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX V - TERMS OF REFERENCE

BACKGROUND	<p>The Council’s Corporate Plan 2016 to 2019 reflects the prioritisation of Housing within the Borough and includes the following vision relating to Housing Management: <i>We will work to ensure our Housing stock is managed so that it delivers comfortable and safe homes for our tenants that are efficient and sustainable</i></p> <p>The following data is from the Housing revenue Account Income & Expenditure Statement 2015/16 and supporting notes:</p> <ul style="list-style-type: none">• £6,793,000 total expenditure of which £2,048,000 was expenditure on repairs and maintenance• £11,993,000 Income from dwelling rents, and £484,000 from non-dwelling rents• £280,000 net rent arrears as at 31 March 2016 (includes provision for doubtful debts) <p>Council Housing stock, as at the 31 March 2016, was:</p> <ul style="list-style-type: none">• 1,150 flats• 1,316 houses and bungalows• 7 equity share properties <p>The Council has recently revised its Housing Strategy (2017-2020) in response to a changing economic climate and an increasing demand for social housing. The strategy recognises the need for community based solutions, working effectively with other housing, social and health care providers, and to use resources efficiently and effectively to address housing needs</p>
PURPOSE OF REVIEW	<p>The purpose of this review is to consider the design and operational effectiveness of the controls in place to manage the risks relating to Housing, and to highlight any areas where the controls might be improved.</p>
SCOPE OF REVIEW	<p>The review will consider the adequacy of arrangements relating to management of housing stock, maintenance of the housing asset register and collection and recording of housing rents.</p>
EXCLUSIONS	<p>Our work is limited to the elements defined within the scope of the review and key risks. Our work does not include the following additional concerns raised by BBC staff: verification of properties between the Housing list and Council Asset Register and the tenancy allocations from HRA and General Fund properties and repairs recharging for Brentwood Housing Trust, testing of agreements to compare scope against the Asset Register, Housing team storage of asset related information, exception reporting of Housing asset related issues, upload of information from the Locata system (housing advice, homelessness and prevention) to Orchard (Housing management), and records maintenance and tenancy management for sheltered housing.</p>
APPROACH	<p>Our approach will be to conduct interviews to establish the controls in operation for each area of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks. Any opportunities identified to improve arrangements will be offered for consideration alongside recommendations to resolve any weakness in controls.</p>

APPENDIX VI - TERMS OF REFERENCE

KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding, the key risks associated with the area under review are:

Management of Housing Stock

- Records of housing stock are incomplete or inaccurate, or are not reconciled to the Housing Asset Register
- Requirements for cyclical and responsive repairs and maintenance are not defined, or not adhered to
- Estate management protocols are not defined, or staff do not adhere to them
- Vulnerable tenants are not identified or the Council is not responsive to their needs

Maintenance of the Housing Asset Register

- Roles and responsibilities for maintenance of the Housing Asset register are not clearly defined or not understood by staff
- Properties within the Housing Asset Register are clearly and accurately allocated to the Housing Revenue Account
- The Housing Asset Register is not updated to reflect properties bought or sold by the Council

Collection and Recording of Housing Rents

- Tenants are not invoiced correctly and on a timely basis for rents due
- Income is not promptly and accurately allocated to Tenant accounts
- Income allocated to rent accounts is not reconciled to income systems and the ledger
- Accounts in credit are not subject to regular review

Tenant records

- Tenancy records are dispersed or do not include all required information, which inhibits effective tenancy management

DOCUMENTATION REQUEST

Please provide the following documents in advance of our review (where possible):

- Records of Housing Stock and the Housing Asset Register, and the last reconciliation between these records
- Estate Management strategy, protocols or procedures
- Details of procedures, roles and responsibilities for maintenance of the Housing Asset Register
- Protocols for invoicing tenants, an example invoice and details of payment options offered to tenants
- Details of reconciliations between Housing system, income collection system and general ledger
- Report of tenant accounts in credit

Any documents provided will assist the timely completion of our fieldwork, however we may need to request further documentation and evidence as we progress through the review process.

Access to information/staff

Any unreasonable delay in gaining access to required information or key members of staff will place audit timings at risk and may result in additional fees to you. Any such charges would be notified to you and agreed at the time the issue is identified.

Timing changes and cancellation:

In accepting this Terms of Reference document you are agreeing to the timing of this audit (specified on p.4). We will make every effort to accommodate timing changes or cancellation of the audit however any changes within 3 weeks of the start of the fieldwork may result in fees being charged in respect of the audit. Changes with more than 3 weeks' notice will be accommodated at no charge.

APPENDIX VI - TERMS OF REFERENCE


TIMETABLE



Audit Stage	Date
Commence fieldwork	30 June 2017
Number of audit days planned	20 days
Planned date for closing meeting	w/c 28 August 2017
Planned date for issue of the draft report	w/c 4 September 2017
Planned date for receipt of management responses	w/c 11 September 2017
Planned date for issue of proposed final report	w/c 18 September 2017
Planned Audit Committee date for presentation of report	TBC

KEY CONTACTS

BDO LLP	Role	Telephone and/or email
Greg Rubins	Head of Internal Audit	t: 07583 114 121 e: greg.rubins@bdo.co.uk
Angela Mason-Bell	Audit Manager	t: 07813 000 319 e: angela.mason-bell@bdo.co.uk
Angela Mitchell	Senior Auditor	T: 01473 320 748 e: angela.mitchell@bdo.co.uk
Brentwood Borough Council		
John Chance	Chief Finance Officer (S151 Officer)	t: 01277 312 542 e: john.chance@brentwood.gov.uk
Angela Williams	Head of Housing	t: 01277 312 568 e: angela.williams@brentwood.gov.uk
Nicola Marsh	Housing Manager	t: 01277 312 981 e: nicola.marsh@brentwood.gov.uk
Stuart Morris	Housing Options Team Leader	t: 01277 312 500 e: stuart.morris@brentwood.gov.uk

SIGN OFF

On behalf of BDO LLP:		On behalf of Brentwood Borough Council:	
Signature:		Signature:	Angela Williams (via email)
Title:	HEAD OF INTERNAL AUDIT	Title:	HEAD OF HOUSING
Date:	23 June 2016	Date:	7 July 2017



BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

Copyright ©2017 BDO LLP. All rights reserved.

www.bdo.co.uk