



# Dacorum Borough Council

## Final Internal Audit Report

### Homelessness

November 2016

This report has been prepared on the basis of the limitations set out on page 11.

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#### **Key Dates:**

Date of fieldwork: August 2016

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# 1. Executive Summary

## 1.1. Background

As part of the Internal Audit Programme for 2016/17, we have undertaken an audit of the Council's systems of internal control in respect of Homelessness.

## 1.2. Audit Objective and Scope

The overall objective of this audit was to provide assurance over the adequacy and effectiveness of current controls over Homelessness, and provide guidance on how to improve the current controls going forward.

In summary, the scope covered the following areas: Strategy, Policies and Procedures, Early Intervention and Homelessness Prevention, Application and Assessment, Temporary Accommodation, Collection of Income, and Performance Management.

## 1.3. Summary Assessment

Our audit of the Council's internal controls operating over Homelessness found that whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk. There is also evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

Evaluation Assessment	Testing Assessment
Substantial	Substantial

Management should be aware that our internal audit work was performed according to UK Public Sector Internal Audit Standards (PSIAS) which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Similarly, the assurance gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

Similarly, the assessment gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board. The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A, whilst further analysis of the control environment over Homelessness are shown in Section 3.

#### 1.4. **Key Findings**

We have raised three Priority 2 recommendations and one Systems Improvement Opportunity (SIO) where we believe there is scope for improvement within the control environment. The recommendations raised have been set out below:

- Monitoring and Tracking of Application Status (Priority 2);
- Timely Upload and Retention of Key Documents to Abrisas (Priority 2);
- All Non-Secure Licence Agreements should contain a contract start date (Priority 2);
- Key Applicant Letters should be stored in PDF Format on Abrisas (SIO).

Full details of the audit findings and recommendations are shown in Section 4 of the report.

#### 1.5. **Management Response**

We received the management response in a timely manner, and this has been included in the main body of the report.

#### 1.6. **Acknowledgement**

We would like to take this opportunity to thank all staff involved for their time and co-operation during the course of this visit.

## 2. Scope of Assignment

### 2.1. Objective

The overall objective of this audit was to provide assurance that the systems of control in respect of Homelessness, with regards to the areas set out in section 2.3, are adequate and being consistently applied.

### 2.2. Approach and Methodology

The following procedures were adopted to identify and assess risks and controls and thus enable us to recommend control improvements:

- Discussions with key members of staff to ascertain the nature of the systems in operation;
- Evaluation of the current systems of internal control through walk-through and other non- statistical sample testing;
- Identification of control weaknesses and potential process improvement opportunities;
- Discussion of our findings with management and further development of our recommendations; and
- Preparation and agreement of a draft report with the process owner.

### 2.3. Areas Covered

The audit was carried out to evaluate and test controls over the following areas:

#### **Strategy, Policies and Procedures**

To ensure that there is a consistent and coordinated approach to homelessness that is aligned with the corporate strategy. Comprehensive, up to date and documented policies and procedures are in place and these are communicated to staff, enabling them to act in compliance with legislative and management requirements.

#### **Early Intervention and Homelessness Prevention**

To ensure that adequate steps are taken to provide early intervention and prevent homelessness. To ensure that sources and channels of information to identify residents requiring early interventions have been secured and effective communication is maintained to facilitate successful intervention and prevention.

#### **Application and Assessment Process**

To ensure that applications are processed in accordance with the Housing Act, Homelessness Act, Localism Act, and any other relevant legislations. To ensure that applications and assessments are processed in a fair, consistent, timely and correct manner. To ensure that correct decisions are made regarding the Council's homelessness duty against applicants. To ensure that robust Reviews (appeals against the Council's decision about the application) are undertaken and the risk of successful further appeals are minimised.

#### **Temporary Accommodation**

To ensure that homeless applicants are provided with appropriate temporary accommodation in line with legislative requirements.

To ensure that the best value is achieved when choosing temporary accommodation.

#### **Collection of Income**

To ensure that a rent account is set up promptly for tenants placed in a temporary accommodation and income due to the Council is collected in a complete, accurate and timely manner.













#### **Performance Management**

To ensure that the performance of the service is monitored regularly and corrective actions are taken to address any performance issues. To ensure that the performance information is used effectively to improve the quality and efficiency of the service.

### 3. Assessment of Control Environment

The following table sets out in summary the control objectives we have covered as part of this audit, our assessment of risk based on the adequacy of controls in place, the effectiveness of the controls tested and any resultant recommendations.

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

Control Objectives Assessed	Design of Controls	Operation of Controls	Recommendations Raised
Strategy, Policies and Procedures			
Early Intervention and Homelessness Prevention			
Application and Assessment Process			Recommendation 1 Recommendation 2 Systems Improvement Opportunity.
Temporary Accommodation			Recommendation 3
Collection of Income			
Performance Management			

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

## 4. Observations and Recommendations

### Recommendation 1: Monitoring and Tracking of the Application Status (Priority 2)

<p><b>Recommendation</b></p> <p>The Council should ensure that the progress status of applications is monitored and tracked through to the applicant being notified of the decision.</p>
<p><b>Observation</b></p> <p>The Homelessness Act 2002 stipulates that applications should be assessed with a decision made within 33 days from the receipt of the application.</p> <p>Testing of 10 applications and assessments identified that in three occasions the assessment took more than the guideline 33 days. These applications took 47, 50 and 52 days to complete. In one case where it took 50 days, although a decision was made within 32 days it took a further 18 days to confirm the decision in writing to the applicant.</p> <p>Where decisions are made outside of the 33 day statutory guideline, applicants may be waiting for a homelessness decision for a prolonged period of time resulting in reputational damage to the council.</p>
<p><b>Responsibility</b></p> <p>Group Manager (Strategic Housing)</p>
<p><b>Management response / deadline</b></p> <p>It is correct that the CLG guideline for processing homelessness decisions is 33 days. It should be noted that this is a guideline and not a formal target. Overall Council's statistics (local and national) demonstrate that overall applications are processed well within the 33 day guideline and currently within an average of 11 days. Management is satisfied that there are robust monitoring and management of applications in place, with monthly staff one to ones and weekly case review monitoring. In addition to case review monitoring, a staff case group discussion is held to share good practice, discuss the impact of new legislation and to discuss the approach to difficult casework. All decisions are currently tracked and monitored to ensure that decisions are made in a timely manner, however there are on occasions where it is not possible to make a decision within the 33 day guideline:</p> <ul style="list-style-type: none"> <li>• Complex casework – negotiation with landlords, waiting for essential information from statutory agencies, which can be a lengthy process due to information sharing protocols such as Police or Mortgage lender information.</li> <li>• Legal support required to ensure that decision issued is robust and will withstand legal challenge – in the circumstance of complex cases, it is imperative to ensure that cases do not leave the Council open to unnecessary legal challenge, reputational damage and high legal costs.</li> <li>• New information provided, which changes the original decision – officers are required to hold a mitigating circumstances interview with the applicant in the case of negative decisions. It may be that new information is provided at this stage of the application, requiring the officer to make further enquiries prior to issuing the final decision, which can cause unavoidable delays.</li> </ul> <p>All decisions are reviewed by Lead Officer prior to issue, where the Lead Officer determines that further enquiries are required before issuing the final decision this may cause unavoidable delays to this being issued, however to ensure that relevant policies, procedures and legislation is followed it is accepted that not all cases will be issued within the 33 day guideline.</p>

**Recommendation 2:** Document Upload to Abris in a timely manner (Priority 2)**Recommendation**

Periodic checks should be undertaken to assess whether all key documents in relation to homelessness applications and reviews of appealed failed applications are uploaded to the Homelessness IT system, Abris, in a timely manner of receiving / issuing the document.

The frequency and sample size for these checks should be determined by management based on the risk, management's assurance requirement and level of performance. Where this process identifies significant level of exceptions, the frequency and sample size should be increased and management should also further investigate the causes so that corrective measures can be put in place to address the issues.

**Observation**

Key documents in the application and review process should be uploaded to Abris in a timely manner to ensure that information is available to support decisions made.

Seven of the 40 documents that were expected to be retained on Abris could not be found on the system. Missing documentation included six cases of key documentation supporting the application assessments and reviews. In one further case a contract was not available on Abris for Temporary Accommodation.

Where documents are not uploaded onto Abris in a timely manner it may take a prolonged period of time to locate supporting documents if decisions are appealed. Where evidence is not retained on Abris, there is also a risk that information has not been received from or sent to the applicant.

**Responsibility**

Group Manager (Strategic Housing)

**Management response / deadline**

Immediate and ongoing

Lead Officer & Strategic Housing Team Leader, currently undertake a random sample audit check of applications on the system to ensure appropriate procedures have been followed and robust advice/assistance has been given. Recommendations are provided to the relevant officer where necessary to ensure that the service is continuing to improve on the service provided to our customers.

With immediate effect, Lead Officer will when reviewing applications at case review & decision stage, check to ensure that all associated documentation is scanned to the system.

Where review requests are received the relevant Officer has been asked to ensure that documents are scanned to the system immediately rather than in batches, to prevent any unnecessary delays to documents being available. Strategic Housing Team Leader, to check as part of the review process (and secondary check) that documents are available on the system.



**Recommendation 3:** All Temporary Accommodation Contracts should contain a Start Date (Priority 2)

<p><b>Recommendation</b></p> <p>Officers submitting the Temporary Accommodation Contracts for uploading to Abrisas should check that all of the required fields are completed fully including the commencement date of the Tenancy Agreement. Temporary Accommodation Officers should determine whether additional checks should be introduced in future for the cases administered by a cover officer in their absence.</p>
<p><b>Observation</b></p> <p>Non-Secure Licence Agreements should contain a date to ensure that the Council has a legal standing and can confirm the date of a tenancy arrangement commencing should it be required at a later date.</p> <p>Testing of 10 Non-Secure Licence Agreements identified that in one case there was no commencement date stated on the signed Agreement between the Council and Applicant. The Temporary Accommodation Officer explained that this agreement was processed by another officer covering while the Temporary Accommodation Officers were both on leave.</p> <p>When Non-Secure Licence Agreements are not dated, the Council is in a weakened legal position which may have negative effects should further action be required on the applicant or tenancy arrangement.</p>
<p><b>Responsibility</b></p> <p>Group Manager (Strategic Housing)</p>
<p><b>Management response / deadline</b></p> <p>Immediate and ongoing</p> <p>Lead officer will check all admissions to temporary accommodation as part of weekly welfare &amp; support meeting and case reviews to ensure that all associated documentation has been completed appropriately. Recap training to be provided to out of hours officers, where emergency documentation is completed on behalf of Officers to ensure that documents are issued in the correct legal format.</p>





**Systems Improvement Opportunity: Key Documents to be stored in PDF Format**

<p><b>Recommendation</b></p> <p>Where the Council processes and distributes formal letters to Applicants, these letter should be saved and retained in PDF Format to ensure the information cannot be amended and key dates are representative of the issue date.</p>
<p><b>Observation</b></p> <p>Letters should be saved in PDF format to ensure that information within the letters is not amended/changed when subject to review.</p> <p>Testing of 10 Homelessness Applications and 10 Homelessness Reviews identified that the letters distributed to the applicants are saved in Word file on Abrisas. The date of creation is automatically changed to the current date as the file is opened, and the date on which the letter was issued is not saved.</p> <p>Where the Council cannot be certain of the date the letter was sent to the Applicant there is an increased risk that the Council may be unable to refer to the correct date of its decision or letter in the future correspondence with the applicant.</p>
<p><b>Responsibility</b></p> <p>Group Manager (Strategic Housing)</p>
<p><b>Management response / deadline</b></p> <p>Immediate (PDF scanning)</p> <p>The Abrisas CRM enables the management team to determine who has accessed an application and made amendments to an application, confirming the date and time.</p> <p>Abrisas system also confirms the date a letter was generated and printed, if it subsequently amended and re-printed/saved this is detected from the system. There are around 300 letter templates built into the Abrisas CRM that follows this process. The review outcome letter is one of the letters currently not on this template list.</p> <p>All template letters generated and printed from Abrisas are saved in PDF format as are documents that are attached.</p> <p>The service are currently working with the system provider to ensure that other letters generated from Microsoft word can be added to the system administration, preventing the need for using word templates – whilst this upgrade is pending officers will be asked to ensure any Word uploads are saved as a PDF.</p>

## Appendix A - Reporting Definitions

### Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Evaluation Assessment	Testing Assessment
<b>Full</b>		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
<b>Substantial</b>		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
<b>Limited</b>		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
<b>Nil</b>		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full' does not imply that there are no risks to the stated control objectives.

### Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
<b>Priority 1</b>	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
<b>Priority 2</b>	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
<b>Priority 3</b>	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
<b>System Improvement Opportunity</b>	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

## Appendix B - Staff Interviewed

The following personnel were consulted:

- Natasha Brathwaite                      Group Manager (Strategic Housing)
- Cynthia Hayford                      Strategic Housing Team Leader (People)
- Laura Brennan                      Housing Advice and Allocations Lead Officer
- Tom Snell                      Housing Advice and Options Lead Officer
- Toyin Awe                      Housing Advice and Options Officer
- Angela Gosling                      Housing Advice and Options Officer
- Julia Kachouh                      Housing Advice and Options Officer
- Lynne Hunt                      Temporary Accommodation Officer
- Paul Hunt                      Temporary Accommodation Officer
- James Wilson                      Corporate Performance Management Lead Officer

We would like to thank the staff involved for their co-operation during the audit.

## 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**

#### **November 2016**

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