



Internal Audit Report
Private Sector Housing Access Scheme



Julie Ball
Assistant Auditor
17th June 2011



INVESTOR IN PEOPLE

Contents

Audit: Private Sector Housing Scheme
Auditor: Julie Ball

If viewing on-screen, please click on the links below or use the scrolling arrows

Introduction	Page 3
Scope	Page 3
Findings	Page 4
Conclusions	Page 6
Action Plan	Page 7



1. Introduction

- 1.1 The Private Sector Housing Access Scheme (PSHAS) assists individuals facing homelessness to find private rented accommodation.
- 1.2 A difficulty for people trying to access private sector accommodation is finding, their first month's rent in advance, a deposit or both.
- 1.3 The Council offers the landlord on behalf of the potential tenant a bond in the form of a non-cash guarantee agreement in place of a cash deposit, and/or pays a month's rent in advance up to the value of £800. The tenant is then required to pay £5 per week to the Council to repay the rent in advance.
- 1.4 The scheme has assisted 365 tenants from when the scheme started in 2004. But there are outstanding debts to the value of £181,481 as at January 2011.¹

2. Scope

- 2.1 The audit focused on the operational aspect of the Service, the areas reviewed as part of this audit included:
 - How the Scheme is monitored and reviewed
 - Financial regulations are complied with
 - Budget Monitoring

¹ Data taken from Private Sector Housing Access Scheme monthly monitoring report January 2011.



3. Findings

- 3.1 The Housing Options Service has a five-year Homelessness Prevention Strategy that was approved by Executive Board in April 2009. The Service is currently carrying out a benchmarking exercise for the Private Sector Housing Scheme.
- 3.2 To apply for the scheme applicants must have found a property to rent where the landlord is willing to take part in the scheme. They also have to complete an application form and provide evidence to show that they are eligible by meeting the set criteria including additional financial information. Testing found that individuals had met the criteria but improvements could be made in the form of a check sheet at the front of each file to show an audit trail of the process, what documentation had been seen and financial checks that had been carried out.
- 3.3 It is a requirement that an inspection is carried out by the Council's Principal Environmental Officer of the property to ensure that it is suitable for occupation. Testing found that there was not always evidence on the individuals file to show that an inspection has been completed. However, the Service has a spreadsheet that shows dates of inspection and any comments. For best practice the Service needs to keep on file the inspection reports.
- 3.4 When the Service is satisfied that all criteria has been met and inspections completed an agreement is put in place. Where the individual requires a sum for the first months rent a copy of the signed agreement is passed to Financial Services for a cheque to be released to the landlord. Testing found that agreements had been signed by all parties and cheques released.
- 3.5 The Council has corporate debt recovery procedures in place, however the Service has not enforced them. This has resulted in the current levels of historic debt. The Homemove Support Assistant is currently endeavouring to recover outstanding debts from 2005. The Service also needs to give attention to new debtors to ensure prompt recovery action is taken. Outstanding debt prior to 2005 is to be written off. An audit trail needs to be shown on the tenant's file of any debt recovery action that has been carried out.
- 3.6 Currently tenants do not receive a statement of account to show payments made and their outstanding balance. The Service need to send statements to tenants as testing found that there are tenants who are overpaying and have not been reimbursed. Also, IA was informed that in some cases tenants did not realise that they had to repay the loan. There are 139 tenants who have never paid, 80 tenants who pay on a regular basis, 107 tenants who started and have stopped paying, 30 tenants who have fully paid and 9 tenants who have overpaid.



- 3.7 The Agreement for the scheme does not include information of the Council's debt recovery process and the implications of non-payment. For best practice this should be included in the agreement to make clients aware of the terms and conditions.
- 3.8 The software IT system WRAPP is the Housing Services system for administering rents. The system is unable to produce an automated aged debtor analysis report to aid monitoring of loan payments and recovering debt. Manually analysing data and the debt recovery process is time consuming. The Service needs to either modify the WRAPP system or use another method of processing their debt to ensure that the debt recovery process can be completed.

4. Conclusion

- 4.1 Internal Audit identified that there is scope for the service to improve their record keeping and a need to review their current debt recovery process to ensure prompt recovery action.
- 4.2 Internal Audit has made six recommendations, of which four are high priority, one is medium priority and one is low priority.
- 4.3 The implementation details of these recommendations can be seen in the Action Plan in section 5.



Action Plan

Audit: Private Sector Housing Access Scheme

Auditor: Julie Ball

Recommendation		Officer	Priority	Agreed?	Comments	Implementation Date
3.2	A tick sheet is at the front of the tenants' files to ensure that all documentation has been collected.	Asst. Director Strategic Housing Services	Low	Yes		Immediate
3.3	That a record is held on file of property inspections that have been carried out.	Asst. Director Strategic Housing Services	Medium	Yes		Immediate
3.6	Audit trail of debt recovery is held on file.	Asst. Director Strategic Housing Services	High	Yes		Immediate
3.7	Statements are sent to tenants.	Asst. Director Strategic Housing Services	High	Yes	Cost implications would have to be considered.	Immediate



INVESTOR IN PEOPLE

Recommendation		Officer	Priority	Agreed?	Comments	Implementation Date
3.8	The agreement has a paragraph to inform tenants of the Council's debt recovery process.	Asst. Director Strategic Housing Services	High	Yes	The Agreement is going to be reviewed in partnership with Legal.	Immediate
3.9	That Debt Recovery is reviewed and Debt Recovery Procedures are implemented.	Asst. Director Strategic Housing Services	High	Yes		Immediate

 **High = Fundamental System Weakness – Action is Essential**
 **Medium = Potential Control Weakness – Action Required**
 **Low = Advised for Best Practice**