



Use of Bed and Breakfast Accommodation audit 2021/2022

FINAL REPORT

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13th December 2021

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1) Executive Summary

i) Introduction

This audit was carried out as part of the agreed audit plan for the 2021/22 financial year. Audit testing has been restricted to areas that have been assessed as high risk by Internal Audit.

For the period January 2020 to the 6th August 2021 the total number of B&B placements was 178. The 2021/22 gross budget for B&B is £375,000 with spend for the first half of the year at £92,580.

Audit testing has been carried out on the following objectives to ensure that:

- Up to date policies and procedures on client placement are in place, and staff are aware of them;
- Eligibility for accommodation has been assessed and placement decisions are documented and authorised;
- Invoices are checked for accuracy prior to payment and costs not covered by Housing Benefits are recouped from the client;
- Regular budget monitoring is carried out and action taken to investigate overspends;
- Regular reconciliations take place between WRAPP (Housing Tenant Rent System) and the general ledger (Civica Financials)

ii) Overall audit opinion

The overall audit opinion is based solely on testing carried out and discussions held during the course of the audit.

	Levels	Description/Examples
	No Assurance (Critical Risk Exceptions)	Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit
→	Limited Assurance (High Risk Exceptions)	Control weaknesses or risks were identified which pose a more significant risk to the Authority
	Reasonable Assurance (High or Medium Risk Exceptions)	Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority
	Assurance (Low Risk/Improvement Exceptions)	No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority

iii) Summary of findings

Objective 1: Up to date policies and procedures on client placement are in place, and staff are aware of them – Limited Assurance

A high risk exception has been raised as a result of testing carried out for this objective. Findings from testing under objective 2 directly link to the objective 1 findings and have been merged into one exception (EX 2.1).

The Acting Housing Manager provided a copy of the B&B procedure checklist. He also provided a process listing the steps to be followed when placing a client. A review of the process found some gaps in terms of information recording for placements.

Objective 2: Eligibility for accommodation has been assessed and placement decisions are documented and authorised – Limited Assurance

1 high risk, 1 medium risk and 1 low risk exception was raised as a result of testing carried out for this objective.

A sample of 10 out of the 178 B&B placements was tested. The following issues were found:

- No evidence is maintained of whether best value has been obtained for the placement (EX 2.1)
- A Housing Advice Form should be completed by all clients needing housing assistance. A completed form was not found on file for all clients (EX 2.2)
- Eligibility to receive assistance in the UK should be assessed. Evidence to support this assessment was not found on file for all clients (EX 2.2)
- Once a Housing Advice Form has been received, the applicant should be contacted either within 7 days or that day if they are already homeless. It was not possible to evidence this in all cases (EX 2.2)
- Placements should only be made in accommodation with a current Fire Risk Assessment. This was not the case for all placements (EX 2.3)

Objective 3: Invoices are checked for accuracy prior to payment and costs not covered by Housing Benefits are recouped from the client – Limited Assurance

1 high risk exception (EX 3.1) was raised as a result of testing carried out for this objective.

Testing of the same sample found the following issues:

- A Housing Benefit claim should be completed by all clients being placed in B&B accommodation and progress of the claim should be monitored by the Housing Advice Officer. This could not be confirmed for all 10 clients.
- Clients are advised what they are to contribute to the placement by letter. Not all clients were found to have been informed of this.
- There does not appear to be any debt recovery action taken for clients that do not pay their expected contribution.

Objective 4: Regular budget monitoring is carried out and action taken to investigate overspends - Assurance

No exceptions were raised for this objective.

The Acting Housing Options Manager confirmed that there is no check of the budget situation before a placement is made. However, CDC has a duty under Housing Legislation to provide interim accommodation under the Housing Act 1996 until enquiries into the clients housing situation have been completed, therefore lack of budget cannot be a reason for not providing accommodation.

A review of expenditure against budget S2601 for the 5 year period 2016/17 to 2020/21 confirmed that for 4 of the 5 years an overspend had occurred. A discussion with the Group Accountant (Revenue & Capital) confirmed that budget setting for B&B is zero based and the budgets are based on current demand plus the budget manager's assessment of future increases or decreases that may be required. B&Bs are usually used where there is no availability at Westward House (unless placement at WWH is not appropriate) and is reactive. It is not possible to accurately forecast demand in any given financial year therefore the budget will never fully be in line with demand, leading to overspends.

With the opening of further Council run temporary accommodation planned for 2022/23 it is also expected that the requirement for B&B placements should diminish significantly.

Objective 5: Regular reconciliations take place between WRAPP and the general ledger - Assurance

A low risk exception was raised as a result of testing under this objective.

The Business Support Officer carries out regular reconciliations of WRAPP to Civica. A review of the reconciliation found that it was not possible to tell who had carried out the reconciliation or how often they have been done as they are not signed or dated.

Overall assurance level – Limited Assurance

2 high risk, 1 medium risk and 2 low risk exception was raised as a result of the audit testing carried out. Therefore Internal Audit can give Limited Assurance that the B&B processes followed are of low risk to the Authority.

Key for risk rating of exceptions:

Priority Level	Description
Critical Risk	<p>Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the organisation’s objectives in relation to:</p> <ul style="list-style-type: none"> ▪ The efficient and effective use of resources ▪ The safeguarding of assets ▪ The preparation of reliable financial and operational information ▪ Compliance with laws and regulations <p>And corrective action needs to be taken immediately.</p>
High Risk	<p>Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not “show stopping” but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.</p>
Medium Risk	<p>These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.</p>
Low Risk - Improvement	<p>Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.</p>

<p>EX 2.1 – Procedures and recording of decision making</p> <p>Risk rating: High</p>	
<p>Findings</p> <p>The Acting Housing Manager provided a copy of the B&B procedure checklist. He also provided a process listing the steps to be followed when placing a client. There is nothing mentioned about recording information to show which B&Bs have been contacted and why the particular B&B has been used for the placement.</p> <p>For the sample of 10 placements tested, 9 did not have any information recorded on the Home Connections database or the s:drive to support why the clients had been placed there and whether any other B&B providers had been contacted to establish if they had any vacancies.</p>	
<p>Risks and consequences</p> <p>If there are no records of which B&Bs have been contacted and why the decision has been made to use a particular B&B then it is not possible to demonstrate whether best value has been obtained for the placement. This could impact on the Authorities finances if more costly placements are used where there could be more cost effective accommodation available.</p>	
<p>Agreed action</p>	<p>Officer responsible and by when</p>
<p>This is to be addressed via the checklist that has been introduced (see below). To include reasons for booking (which may just be ‘only space available’) and justification for using commercial placement as opposed to Westward House.</p>	<p>Acting Housing Options Manager (Chris Dixon): Immediate</p>

<p>EX 2.2 – Supporting information for placements</p> <p>Risk rating: Medium</p>	
<p>Findings</p> <p>For the sample of 10 placements tested a Housing Advice Form was found in the system for 9 of them. For the other placement the Home Connections database only contained information relating to a previous placement for that client.</p> <p>An initial assessment is carried out of the housing situation and eligibility for assistance. The same sample was tested to confirm that this had been assessed. For 1 of the 10 there was no documentation on file to confirm that the client was eligible for assistance in the UK.</p> <p>An email is sent to clients once a housing advice form has been received by the team. This states that contact will be made within 7 days or that same day if the client is already homeless. Testing of the same sample found that it was not possible to tell when contact had been made for 2 of the clients.</p>	
<p>Risks and consequences</p> <p>If there is insufficient assessment information on file then it may not be possible to evidence that a full and thorough assessment has been carried out and that the client is eligible to be accommodated.</p> <p>If clients are not contacted promptly then the Authority may not be able to demonstrate it is meeting its accommodation duty under the Housing Act 1996.</p> <p>These issues may impact on CDCs finances as well as its reputation.</p>	
<p>Agreed action</p> <p>All B&B placements should have a Housing Advice Form (HAF). Interim accommodation duties usually only arise once a homeless application is made and the HAF is a precursor of this. There are very rare exceptions (e.g. out of hours B&B placements). A new placement process including an accountability-based checklist is being implemented. This will provide a double backstop to reduce missed actions (e.g., HAF) and ensure regular (at least fortnightly) review of progress. The aforementioned rare exceptions will have the safety net of a HAF needing to be completed after B&B placement to complete all checklist actions”.</p>	<p>Officer responsible and by when</p> <p>Acting Housing Options Manager (Chris Dixon): Immediate</p>

EX 2.3 – Fire Risk Assessments for B&B accommodation	
Risk rating: Low	
Findings	
<p>Legislation does not set out how frequently Fire Risk Assessments (FRA) should be carried out. The Regulatory Reform (Fire Safety) Order 2005 requires risk assessments to be kept up to date. If any changes to the property take place then it is a legal requirement that another fire risk assessment is undertaken.</p> <p>All properties, except 1, had provided an FRA dated within the last 3 years. All placements had been made in a property with an up to date FRA, except for placements at the Travelodge.</p> <p>The Acting Housing Options Manager confirmed that usage of the Travelodge is kept to a minimum. A review of the total nights clients spent in Travelodge's for the period 1/1/20 to 6/8/20 found that only 534 of the total 8570 night were spent in Travelodge's (6%).</p>	
Risks and consequences	
Without a copy of the Fire Risk Assessment then it is not possible to evidence that placements have been made in suitable accommodation.	
Agreed action	Officer responsible and by when
<p>Obtain Fire Certification for the Chichester Travelodge</p> <p>Review position of all B&Bs in regular use.</p>	Housing Solutions Manager (Ivan Western) 1/1/2022

EX3.1 – Payment for B&B placements and debt recovery**Risk rating: High****Findings**

The cost of the B&B placement should be covered by Housing Benefit it at all possible. Clients are informed that they are required to pay a weekly service charge for the elements of the placement that are not covered by Housing Benefits.

For the same sample of 10 B&B placements testing found that:

- There was no evidence for 1 placement that a HB claim had been made.
- For 1 other placement the claimant was found to be ineligible as the required checks could not be made due to the claimant providing an incorrect national insurance number. These 2 claimants had not been invoiced for the cost of the accommodation provided.
- There was no evidence that a letter regarding service charges had been sent to 1 of the clients.

A discussion with the Acting Housing Options Manager confirmed that clients are not invoiced for their weekly service charge or any other accommodation costs not covered by Housing Benefit. Charges are added to their account in WRAPP. A review of the accounts confirmed that 6 of the 10 had not paid any service charges, 2 had made partial payments and 2 had paid in full. The total outstanding service charge for these clients is £1,616.86.

The Acting Housing Options Manager stated that in most instances clients that do not pay their service charge are not chased to pay. A review of Civica confirmed that none of the 8 clients who hadn't fully paid their service charges had been invoiced for the outstanding debt.

Debts are set up in the WRAPP system rather than Civica. The Business Support Officer runs monthly reports from the system (Tenant Account Listing) showing all accounts with unpaid debts on them. These are split by whether they are former or current debts. Unlike CIVICA the WRAPP system does not generate debt recovery letters automatically; accounts have to be manually monitored. Although the BSO runs the TAL reports there is no one chasing up outstanding debts.

Risks and consequences

If the costs of placements are not covered by Housing Benefits and clients then this will have an impact on CDC's finances.

Lack of debt recovery will also impact on CDC's finances.

Agreed action	Officer responsible and by when
HB Claims must be made at time of placement wherever possible (see earlier comments on use of check list)	Acting Housing Options Manager (Chris Dixon) - immediate
Collecting debt from B&B service charge to be rolled into the BSO role at WH.	Accommodation Services Manager (Mark Hughes) 1/1/2022
Review charge currently being levied for non-eligible items, consider reduction to notional £10/£12 per week.	Housing Solutions Manager (Ivan Western) 1/1/22

<p>EX 5.1 – Completion of reconciliations Risk rating: Low</p>	
<p>Findings</p> <p>The BSO's reconciliation spreadsheet was reviewed. It was not possible to tell who had completed the reconciliations and when they had been carried out.</p>	
<p>Risks and consequences</p> <p>If the completed by section of the reconciliation is not filled out then it is not possible to tell whether it has been undertaken by an appropriate officer.</p> <p>If reconciliations are not completed in a timely manner then it may be harder to resolve discrepancies.</p>	
<p>Agreed action</p> <p>BSO to sign and date reconciliations between WRAPP and Civica</p>	<p>Officer responsible and by when</p> <p>Accommodation Services Manager 1/1/22</p>