

Internal Audit of Housing Tenancy

Follow Up Review

Purpose & Background Information

Our original review of Housing Tenancy was completed in November 2019 giving a low assurance rating due to the significant weaknesses identified.

It should be noted that the updated opinion is based on the assumption that systems and controls as previously identified during the original audit remain in operation and are being complied with in practice. The purpose of our follow up exercise is not to retest the operation of controls which have already been assessed, but to review how management has responded to the action plans following our initial work.

Audit Opinion

The follow-up identified that some progress had been made to address the issues raised, but had been impacted by Covid-19, therefore dates have been pushed forward.

Progress has been made with the outstanding actions, with eight actions complete;

- The team now use the traffic light system on Open Housing to highlight gaps in data at every customer contact point.
- Staff have been trained to ensure they have full knowledge of how and when to update Open Housing data.
- Staff now have access permissions to support maintaining up to date occupancy data on the IT system.
- Targeted work has been carried out to identify high risk properties.
- NFI (National Fraud Initiative) AppCheck has been considered; however, this will not currently be used due to other resources being utilised.
- Currently working with the corporate NFI checking process which is a clear control to detect fraud.
- Consulted with Denbighshire Tenant and Residents Federation (DTARF) regarding potential fraud. They agreed that regular newsletter articles to raise awareness on what to do if fraud is suspected would be appropriate.
- Newsletters have been sent out to tenants, raising awareness of what is tenancy fraud, its impact, and how to

report suspected cases and the differentiation with lodging.

A further follow up review will be needed to establish the progress made with the outstanding actions.

Based on the results of our follow up review, we provide a medium assurance rating.

Assurance Rating

Audit Opinion	Rating
At Final Report	Low ●
At Follow Up	Medium ●

Progress with Implementing Agreed Actions

Action Risk Rating	Actions Fully Implemented	Actions Not Implemented	Actions Not Yet Due
Critical ●	0	0	0
Major ●	8	4	0
Moderate ●	1	2	0

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Ref	Agreed Action	Issue & Risk	Manager Responsible & Target Date	Follow Up Status and Comments
1.1	Planned programme of tenancy visits to all council homes to be implemented. This will support the gathering of up to date information on tenancies including NINO and DOB and other historically absent data.	The quality of the data held in the Open Housing system is not robust. This could cause poor customer service, has implications for GDPR, and could result in staff time being used inefficiently. Major ●	Senior Officer Neighbour hoods March 2020	Letters went out to tenants to explain why the visits were to take place and what information was needed; however, Tenancy Visits have been put on hold due to COVID-19. An electronic tenancy verification form has been developed, in line with GDPR. Officers will visit households over an 18-month period. Original documents are obtained to confirm identity but copies are not kept. The team record details of what was shown as proof of identity, making a note of any serial numbers. March 2022
1.2	Reaffirm team requirement to use traffic light system on Open Housing to highlight gaps in data at every customer contact point.	The quality of the data held in the Open Housing system is not robust. This could cause poor customer service, has implications for GDPR, and	Senior Business Support Officer March 2020	All staff are encouraged to use the traffic light system on Open Housing. This process is embedded in day-to-day work, therefore there is no written guidance.

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		could result in staff time being used inefficiently. Major ●		The Senior Business Support Officer will continue to monitor within the service as part of her role. Complete
1.3	Ensure staff have full knowledge of how and when to update Open Housing data including the administration of tenancy changes, recording deceased tenants, appropriate storage of occupancy details and detailing of lodger requests and permissions.	The quality of the data held in the Open Housing system is not robust. This could cause poor customer service, has implications for GDPR, and could result in staff time being used inefficiently. Major ●	Senior Officer - Neighbourhoods March 2020	Staff training has taken place at the end of 2019/beginning of 2020 and permissions amended so occupancy updates can now be amended by relevant staff. Complete
1.4	Investigate staff permissions to support maintaining of up to date occupancy data.	The quality of the data held in the Open Housing system is not robust. This could cause poor customer service, has implications for GDPR, and could result in staff time being used inefficiently. Major ●	Senior Business Support Officer March 2020.	Relevant staff now have permission and will need additional training on adding occupancy details to the system. Occupancy of tenants changes frequently. Complete
2.1	2.1 Ensure copies of ID retained at initial new tenancy stage for future cross checking.	Controls are not robust within the application process and tenancy management process to prevent inaccurate	Senior Officer – Neighbourhoods	Copies of the original tenants' ID documents are not kept but details are recorded of what was

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		<p>information being held, and assist with detecting unauthorised subletting or lodgers, and tenancy fraud.</p> <p>Major ●</p>	<p>March 2020</p>	<p>shown as proof of identity, making a note serial numbers.</p> <p>The tenancy verification form and pre tenancy verification form provides staff with guidance on tenant identification listing the options of acceptable identity documentation.</p> <p>Complete</p>
2.2	<p>Investigate whether use of photos for new tenancies is practical, effective and legally compliant. Consider implications of tenant refusal.</p>	<p>Controls are not robust within the application process and tenancy management process to prevent inaccurate information being held, and assist with detecting unauthorised subletting or lodgers, and tenancy fraud.</p> <p>Major ●</p>	<p>Senior Officer - Neighbourhoods</p> <p>March 2020</p>	<p>Legal advice was obtained and confirms that Housing can request photographs under “avoiding prejudice in the prevention and detection of crime”. Policies would need to be amended, checked and approved by Legal before sign off.</p> <p>Allocations would have to be clear on what the consequences are for anyone who refuses for a photograph to be held and without prejudice.</p> <p>Also, consideration would be required on how best to store and manage the data. Under GDPR, the council must have a valid reason for collecting the</p>

				<p>personal data, it needs to be information needed as part of our business, and more importantly it has to be necessary and proportionate.</p> <p>Revised date March 2022</p>
2.3	<p>Develop process to identify key stages where an ID check must be carried out such as during tenancy visits, prior to tenancy change permissions, planned improvement work and disabled adaptations. Include awareness to expect these requests in communications to tenants</p>	<p>Controls are not robust within the application process and tenancy management process to prevent inaccurate information being held, and assist with detecting unauthorised subletting or lodgers, and tenancy fraud.</p> <p>Major ●</p>	<p>Senior Officer – Neighbourhoods March 2020</p>	<p>The processes already in place and the additional system that can report on rent patterns more easily, including the 'Categories' and 'Sub-Categories' added enables Housing Officers to record any housing fraud dealings against the appropriate description</p> <p>ID checks are carried out before any changes are made to the tenancy with any planned improvement work /disabled adaptations only being authorised once confirmation or validation that they are the tenant of the property.</p> <p>Documented guidance for staff would also reinforce the process.</p>

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				Revised date March 2022
2.4	Targeted work to identify high risk properties will be developed. This will include analysing data on “limited contact” properties and changes in rent payment behaviour for example.	Controls are not robust within the application process and tenancy 2.5management process to prevent inaccurate information being held, and assist with detecting unauthorised subletting or lodgers, and tenancy fraud. Major ●	Senior Business Support Officer September 2020	Targeted work has been carried out to identify high risk properties; reviewed ‘red flag’ properties, gas maintenance yearly analysis, raising awareness through repairs and maintenance team. ‘Mobisoft’ system is now being used; a caseload management system for rent payments. Staff run reports weekly to analyse tenancies in arrears, in credit, rent patterns and behaviours. Complete
2.5	Improve the processes for administering NFI matches to ensure robust action is taken.	Controls are not robust within the application process and tenancy management process to prevent inaccurate information being held, and assist with detecting unauthorised subletting or lodgers, and tenancy fraud. Major ●	Senior Business Support Officer September 2020	It was agreed by the Head of Customer, Communication and Marketing that review and investigation of NFI matches would be put on hold while Housing focuses its resources on other priorities e.g. Covid-19 response. Tenancy Fraud training has taken place with staff so they are more aware of how to investigate further should it be required.

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				<p>Further staff training planned, no date confirmed.</p> <p>Revised date August 2021</p>
2.6	Investigate potential to use NFI AppCheck.	<p>Controls are not robust within the application process and tenancy management process to prevent inaccurate information being held, and assist with detecting unauthorised subletting or lodgers, and tenancy fraud.</p> <p>Major ●</p>	<p>Senior Business Support Officer</p> <p>September 2020</p>	<p>Housing use other resources to cover this risk. The service is capturing deaths through the Tell Us Once process and others. Potential to use NFI App Check will be reviewed in January 2022, but currently continue to focus efforts on responding to Covid-19.</p> <p>Complete</p>
2.7	Investigate customer insight products such as Housing Partners that could support improving the quality of data and fraud detection taking into account other corporate anti-fraud projects and data sharing requirements.	<p>Controls are not robust within the application process and tenancy management process to prevent inaccurate information being held, and assist with detecting unauthorised subletting or lodgers, and tenancy fraud.</p> <p>Major ●</p>	<p>Lead Officer – Community Housing</p> <p>September 2020</p>	<p>Currently, working with the corporate NFI checking process which is a clear control to detect fraud. All housing applicants have a full ID check prior to any allocation of Housing and as part of pre-tenancy processes. Projects to assess products to detect fraud such as Housing Partners are currently on hold due to changes in rules on how data is shared.</p> <p>Complete</p>

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2.8	Consult DTARF the tenant representative group regarding these proposals.	<p>Controls are not robust within the application process and tenancy management process to prevent inaccurate information being held, and assist with detecting unauthorised subletting or lodgers, and tenancy fraud.</p> <p>Major ●</p>	<p>Lead Officer – Community Housing December 2019</p>	<p>After consulting with DTARF, it was agreed that fraud is unfair on those looking for homes and acknowledged that often neighbours may not know that someone new has not moved in legitimately. DTARF have no knowledge themselves of this being an issue. They agreed that regular newsletter articles to raise awareness on “what to do if fraud is suspected” would be appropriate.</p> <p>Complete</p>
3.1	Develop and implement procedures for staff on processing requests for lodgers.	<p>Clearer documented guidance is needed for both staff and tenants on sub-letting, lodgers and tenancy misuse and fraud. Without this, it could mean that there is a lack of awareness, and any unauthorised practice may not be detected so that appropriate measures can be put in place.</p> <p>Minor ●</p>	<p>Senior Officer Neighbourhoods March 2020</p>	<p>A system is in place for any lodger requests to be authorised by a Team Leader.</p> <p>Further progress has been impacted by Covid-19 i.e. written procedures for staff on lodgers has yet to be developed.</p> <p>Revised date March 2022</p>

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3.2	Develop and implement procedures for staff for dealing with suspected tenancy fraud reports including investigation and legal processes. This will include how and when to share data with other council departments to detect potential fraud.	Clearer documented guidance is needed for both staff and tenants on sub-letting, lodgers and tenancy misuse and fraud. Without this, it could mean that there is a lack of awareness, and any unauthorised practice may not be detected so that appropriate measures can be put in place. Minor ●	Senior Officer Neighbourhoods March 2020	A written process is included within the SARTH procedures 2019 document. The process where someone applies for Universal Credit needs to be verified by a team leader to confirm that they are in fact a tenant. If flagged up as not a tenant, this will prompt an investigation by the housing officer. Staff training on Housing Fraud took place in October 2019. March 2022
3.3	Raise awareness with tenants through social media and newsletters of what is tenancy fraud, its impact and how to report suspected cases and differentiation with lodging.	Clearer documented guidance is needed for both staff and tenants on sub-letting, lodgers and tenancy misuse and fraud. Without this, it could mean that there is a lack of awareness, and any unauthorised practice may not be detected so that appropriate measures can be put in place. Minor ●	Customer Engagement & Marketing Manager March 2020	Newsletters have included tenancy fraud articles (Nov 2020 and May 2021). With regards to social media, it was decided not use this platform as communications need to be targeted specifically to tenants and the information to report tenancy fraud would be different for each landlord. Complete

Report Recipients

- Lead Officer (Community Housing)
- Senior Business Support Officer
- Neighbourhood Housing Team Leader
- Senior Officer Neighbourhoods
- Head of Communities & Customers
- Senior ICT Business Systems Officer (Open Housing system)
- Corporate Director: Communities
- S151 Officer
- Lead Officer (Destination, Marketing and Communication)
- Lead Member for Housing & Communities
- Lead Member for Finance, Performance & Strategic Assets
- Corporate Governance & Audit Committee

Internal Audit Team

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Key Dates

Review commenced	November 2020
Review completed	April 2021
Proposed date for next follow up review	August 2021