

Final Audit Report NCH Allocations & Lettings

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Document title:	final allocations and lettings audit report	
Issue Date:	22/02/2008	
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1 Executive Summary

- 1.1 The Company has made good progress towards successful implementation of an allocations control framework. Particular mention should be made of the work carried out to provide the Allocations Report to Operations (Ops) DMT, which aims to provide Operations DMT with assurance that the allocations policy is being properly run.
- 1.2 All manual offers, restrictions and Local Area Priority accelerations resulting in lettings are reviewed, bypassing is reviewed by exception. The Report gives comments on anomalies identified and is used to monitor action resulting where necessary. Whilst we identified issues related to this area, we were generally impressed with the standard of review that the Central Allocations Officers provide towards the Report.
- 1.3 There are several remaining key weaknesses; some of these remain from the 2006 audit.
- 1.4 A satisfactory approach to declarations of interest and conflicts of interest has not yet been implemented. A continued lack of a coherent approach to declarations of interest and conflicts of interest could seriously undermine the company's reputation, given the context of the awaited report from the Audit Commission. To avoid this there must be top level support for an annual disclosure regime which supports the effective review of compliance and the operational requirements of assurance that conflicts of interest are removed. Disciplinary measures will need to be in place in case of delays in responding or wanton omissions.
- 1.5 The Allocations Report to Ops DMT is missing a reconciliation of new tenancies to authorisations. This allows unauthorised tenancies or tenancy adjustments to be created, bypassing the allocations policy.
- 1.6 There is also inconsistency in monitoring of accelerations in that medical and multiple needs accelerations are not monitored.
- 1.7 Accountability for monitoring authorisation of mutual exchanges, changes in tenancy start date and shortlist offers is unclear.
- 1.8 A counter-culture exists within the company which results in failure to place appropriate documentation on file, loss of documentation from files, misfiling, and loss of files.
- 1.9 Procurement and implementation of a document management system remains incomplete, but is a key requirement to be able to evidence a fair allocations system. It is acknowledged that such a project necessarily takes a considerable time. Missing documentation on house files remains a problem according to the internal review carried

out in 2007 although application files are now held centrally during their live phase.

- 1.10 We found non-compliance and misunderstanding of the Allocations Policy in respect of owner occupiers by officers of NCH and the Council.

2 Introduction

2.1 Allocations form the prime focus of the investigation by our district auditor (the Audit Commission), which is due to report shortly. Since the events under investigation NCH has moved to a mainly Choice Based Letting approach where applicants bid for void properties. The 2006/7 audit considered the CBL system and was followed up in early 2007 with 20 out of 26 recommendations implemented 2 in progress and 4 not implemented. The areas outstanding were

- Reconciliation of new tenants to CBL and authorised tenancies
- Declarations of interest
- Training on Specialist Accommodation Services (no longer relevant because of the reorganisation in November 2007).
- Evidence supporting accelerations
- File location
- Sequential numbering of applications

Whilst the document management system project suggested was in its very early stages.

3 Scope and Approach

3.1 The objective of the allocations system is to provide social housing to households in need through a legal, transparent and fair system. The following areas were considered for audit.

- Roll out of CBL to partners
- Use of housing stock
- Register of Interests
- Management Information
- Accelerations
- Manual offers - including allocations management panel and non-advertised lettings
- New tenancies - including tenancy management panel
- Bidding and CBL mechanism

- Documentation
- System Management - Training, Access, Business Continuity

3.2 The agreed scope was:

- To further follow-up findings from the 2006 audit
- Review monitoring of CBL -
 - What actions have been taken with respect to properties with no bids, and when;
 - What policy has been set on refusals and has it been complied with;
 - What analysis of CBL complaints has been carried out and what action taken as a result?
- Review monitoring of accelerations:
 - What monitoring exists?
 - How are accelerations authorised?
 - What evidence is required and how is it checked?
 - Check a sample of 20 accelerations.
 - How are accelerations checked prior to accepting a bid?
- Review monitoring of Allocations Management Panel against manual offers made.
 - Review non-advertised lettings identify controls operating, and adequacy of documentation.

3.3 This was discussed with the Assistant Director Housing Services on 23rd November 2007, and the majority of the fieldwork was carried out in December 2007 with further responses to queries and updating of findings in January 2008.

4 Summary of Findings

Declarations of Interest

- 4.1 The Company needs to be able to defend its reputation as a result of investigation of our district auditor (the Audit Commission) and the report which the Commission is due to issue, particularly against charges of staff conflicts of interest.
- 4.2 The 3Dec07 NCH Audit Committee, item 7, showed that the following staff had completed declarations.

Employment Area	% completing declarations	Additional information
Housing Operations staff	87.7%	all employees
Property Services	58.7%	weekly paid
	74.3%	monthly paid

- 4.3 The previous year's exercise was only partially completed. The information obtained from this year's exercise has not been updated onto a register by the Central Allocations Officers as it is not complete in some instances and there is a dispute as to who should be responsible for the data.
- 4.4 We understand that the Governance team leader is to undertake a wider review, which will include asking for Right To Buy and existing tenancies among other things and will be mailed together with relevant sections of the code of conduct, as part of governance arrangements but this will not commence until the end of February at the earliest. Consideration is being given as to whether declaration of interest (potential conflicts) should be imposed as a term in contracts with NCH.

Allocations Monitoring

- 4.5 Copies of the September to December Allocations Monitoring reports to Ops DMT have been obtained and reviewed. The monthly Allocations Monitoring Report to Ops DMT provides DMT with some assurance on the quality of allocations. It provides reports on band letting quotas, allocations to staff and relations, appeals, waiting list revision, and support needs assessment and exception reports on manual offers, local area preference acceleration, restrictions and applications bypassed.
- 4.6 In the report anomalies are commented upon, and the report suggests improvements, and actions on failure to follow procedure or policy. DMT has also required that where action or information on anomalies

is incomplete at the reporting date there should be an update in the next report. With the provisos detailed elsewhere this is a good system of control which will over time help improve adherence to policy and procedure.

- 4.7 We looked at the section of the report dealing with bypassing and consider that, from the report made in October 07 onwards, these are adequately reviewed.
- 4.8 An item shown in the report without comment, which DMT may consider needs review, is offers withdrawn because they were in error or inappropriate. These account for around 40% of withdrawn offers.
- 4.9 A reconciliation of manual offers against allocations panel authorisations takes place. Manual offer request forms and associated documentation which support panel decisions are accumulated on file by the Central Allocations Officers. After the month end a report is run showing all manual offers made during the previous month. The Central Allocations Officers compare the manual offers to the request forms and query any additional offers where no request forms have been received.
- 4.10 We checked the October reconciliation to panel minutes as part of our testing and agreed with the notes made by the Central Allocations Officer. 2 issues were highlighted by the officer:
- A partner organisation had not complied with the procedure for manual offer requests - the officer and the Housing Registration & Allocations Manager confirmed that partner organisations have agreed to comply.
 - The second item was where an officer had failed to complete a form. The officer was contacted by email and submitted the forms and the decision was later ratified by panel.
- 4.11 Our testing also highlighted an owner occupier allocated a tenancy because her existing house was being demolished as part of a scheme which also involved tenants' homes. We fed back this query to the Housing Registration & Allocations Manager and were assured that this is allowable within the policy but were not initially able to identify the relevant parts of the policy.
- 4.12 We were subsequently contacted by the City Council's Regeneration section to advise that they feel that this was an oversight when the policy was written and that both City Council and NCH officers assumed that it was included in the policy. We advised that it is however illegal to allocate outside the policy.
- 4.13 Our later research identified that such owner occupiers are placed in band 4 if considered vulnerable and band 5 otherwise. To get into band 4 the person must be prioritised through the manual allocations panel

where an assessment of financial resources has been made. There was no evidence that this process was carried out it appears that the allocation was made purely on the basis of the owner occupier's property being subject to purchase as part of a regeneration scheme. The policy only allows this for tenants and lodgers. We understand that the policy does not allow for a manual offer in this case.

- 4.14 NCH and City Council officers appeared to be unaware of the City Council's policy in respect of owner occupiers. Our discussion with the City Council's Regeneration section indicates that this is not an isolated incident (there have been 50 manual offers for clearance scheme(s) since February 2007 – many of these will be existing tenants). Nolan principles dictate that NCH and the Council should be open about the errors. The City Council should be given the opportunity to consider changes to the policy in respect of whether and under what circumstances owner occupiers whose property falls within a regeneration scheme should be allowed manual offers.
- 4.15 Analysis shows that manual offers remain at around 10-20 per month (between 2 and 5%) of all offers. Last year there were 127 manual offers and in the current year to the end of December there have been 157 (excluding 22 transferable bids). Based on this manual offers are up by 35% on last year. This may be due to the Stonebridge regeneration scheme.
- 4.16 Policy states that panel members should withdraw if involved in a referral. Minutes show that panel members withdraw if the case is from their office - which is satisfactory.
- 4.17 A reconciliation of new tenancies against sources of authorisation was recommended in our report of 2006 but was not yet in place in January 2008. Work has been undertaken to provide a monthly list of tenancies and their source for a given period. The list for December 2007 was seen and indicated tenancies which required further explanation.
- 4.18 Some sources of assurance have been identified concerning these tenancies for manual offers, and tenancy management panel cases, and partial assurance for shortlist offers. Other no offer tenancies will need assurance or further explanation for each case.
- 4.19 The position as at January 2008 as we understand it is that nobody has accepted responsibility for confirming that mutual exchanges, changes in tenancy start date and shortlist offers have been authorised, however monitoring within the Allocations Report to Ops DMT does provide some assurance on shortlist offers.
- 4.20 The Lettings teams do not have a formal system and records to show that lettings made for each void edition (the set of properties advertised in any week) have been authorised but there is informal monitoring by the team leaders. Nor is there, we understand, such a formalised system and records for mutual exchanges, or tenancy amendments.

4.21 It is suggested that if the service still accepts that it needs this reconciliation – and the evidence of tenancies created requiring explanation suggests that it does – then it should initially start reporting it within the Allocations Report to Ops DMT with commentary on missing authorisation, and subsequently resolve issues around responsibility for authorisations.

Documentation

4.22 Both our 2006 and 2004 audit reports noted missing documentation from house files and applications. A team of staff managed by an Area Housing Manager has undertaken a review of tenancy files following the earlier review by HouseMark in Nov-Dec06. The review found no significant progress. Neither the latest report nor the HouseMark report stated

- when the work was undertaken;
- what should have been on file;
- what was tested;
- the size of the sample;
- and how the sample compares to the total.

The results therefore have no context. The results provide no assurance that each property has a file and negative assurance in respect of the completeness of files.

4.23 In our 2006 audit we recommended that NCH aimed to implement a document imaging system to prevent the serious problem of missing documentation. Funds from NCC have been identified for the 1st stage of the imaging project and the bid to carry out the project has been approved. EMT has decided to hold the project pending consultation to ensure that the project is developed in a strategic way encompassing all relevant information needs. Consultation is reaching a conclusion and should shortly result in terms of reference for phase 1 of the project.

4.24 As a temporary measure our 2006 audit suggested that house file and application tracking should be implemented. We understand that this has not been done although new applications are now all held centrally for registration, and for letting, but then sent to be placed on the office files shortly after letting.

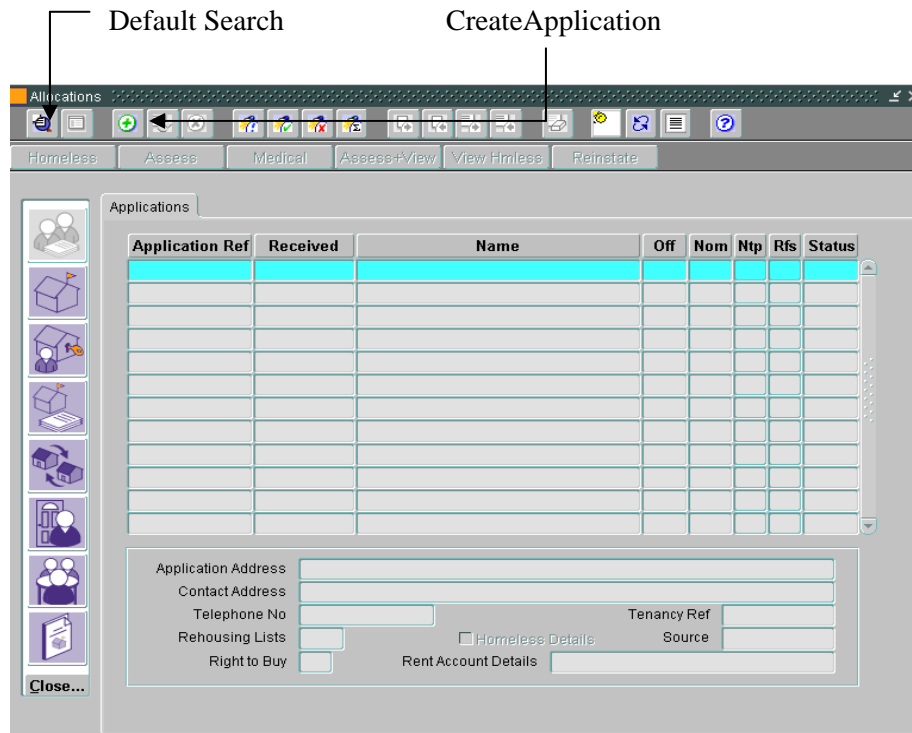
Application processing

4.25 New applications are now all held centrally at the Homelink office in Hyson Green for registration – an improvement in control. When Lettings offer a property to an applicant they may check certain information with Homelink prior to the offer. Once offered by Lettings and accepted, Homelink send the applicant details to Lettings at Harvey Road. Lettings manage the sign up, housing benefit claim,

payment method and the introductory period – this should provide consistency and improved quality control over this period. The application and tenancy commencement documentation are then sent complete to the local office to put on the house file.

- 4.26 Incomplete applications are recorded onto list status code PEND. Reason codes are provided, and more recently appear to be in use. The procedures state that applicants are given 14 days to provide the information but the application will be closed if not provided within 28 days.
- 4.27 Changes of circumstances on live applications are updated at the local area offices and then sent to the Homelink office. The same procedure and timescales apply to the offices and change of circumstances.
- 4.28 We reviewed the report of applications with list status code PEND and found that it showed some much older list status start dates. As a result the Homelink Team Leader emailed offices and asked them to deal with those applications over 28 days with list status code PEND by 19th December. By 23Jan08 only 2 of the expired PEND status applications had not been updated, but a further 24 had newly expired and 10 more were due to expire by 3 Feb08. We created a report to identify those applications where the status should have expired and provided a copy to the Homelink Team Leader to enable control to be maintained.
- 4.29 For the whole of Nov04 to Nov05 and in Jun06 more than 50% of all new application numbers are missing from the computer system. Testing shows that currently the figure is around 30%. 30% is therefore a good estimate for the proportion of staff who register applications that do not follow the appropriate procedure (see below).
- 4.30 When creating an application the first stage is to select the List and Area Office dealing with the application. At this stage the sequential number is allocated to the application. The second stage within the registration process is to undertake a person search within the database. If a search is done at this stage and it is found that the person is already registered onto the list then staff cancel out of the process. However the next sequential reference number has already been allocated. Housing ICT contacted Northgate regarding this issue and was advised that it is due to the program code and that Northgate cannot change the way sequential numbering works.
- 4.31 When NCH staff create a new waiting list application they have previously been advised by Housing ICT that they must undertake a person search of the system prior to commencing the registration process. This would solve the issue of missing application numbers from the sequence, and ensure that no duplicate applications are created, and that tenancy history is not obscured.
- 4.32 The Housing Registration & Allocations Manager believes that, now that registration is solely within the Homelink team, the problem is

actually due to the create application button being selected rather than the search button.



4.33 It is clear from discussion with the Housing Registration & Allocations Manager and Housing ICT that the current permissions on the Housing ICT system do not reflect actual duties in that many people have the HSG_REREG job which provides access to create applications, yet applications are only created by Homelink team.

Accelerations

4.34 The Central Allocations Officers review accelerations on applications resulting in an allocation on a monthly basis in respect of Local Area Preference (LAP). Our review confirmed that accelerations are checked to a high standard. The results are reported as part of the Allocations Monitoring for Ops DMT. Incorrect accelerations are reported to the responsible party's line manager who is required to say what action has been taken. This is put into the report. Issues are followed up if there is no clear conclusion, and reported the following month.

4.35 We identified the use of RECALCST as a bypass reason code showing that LAP accelerations are reviewed by Lettings staff when a shortlist is run.

4.36 No evidence is currently required to support the attendance of a child within the household at a particular school giving rise to the LAP. It should not prove difficult for the applicant to provide a copy of communication from the school to the applicant at the application

address in respect of the child. This would bring consistency to the evidence requirements, and would also provide a disincentive for false applications, which is necessary given known higher demand for housing nationally in the catchment areas for better schools.

- 4.37 Medical accelerations and multiple needs accelerations are not monitored, which is an inconsistency within the monitoring scheme.
- 4.38 Accelerations are authorised as follows:
- LAP – Housing Advisor (Lettings Team Leaders may be consulted)
 - Medical – Housing Registration & Allocations Manager
 - Multiple Needs – Local Office Manager / Housing Registration & Allocations Manager / Allocations Panel.

Bidding

- 4.39 Analysis of bid types is currently reported as a local indicator to the Housing Registration & Allocations Manager, Assistant Director Housing Services and Director of Housing Operations as part of the AL18 indicator. Consultants HQN and HouseMark have advised that the range of information reported needs to be reduced – this information might be a casualty. An annual or quarterly report would be satisfactory in terms of confirming control unless new methods of bidding are commencing in which case it would be useful to show that the change had bedded in correctly.
- 4.40 The mock inspection found that there was confusion over whether applicants should be contacted after 2 or 4 refused offers. During the audit comments overheard in the Homelink team established that the team thought that the current limit for refusals before contact from NCH was 4 (this refers to an error in a Homelink publication) whereas the figure in the policy and given by the Housing Registration & Allocations Manager was 2. The Housing Registration & Allocations Manager undertook to cover this at the following day's training. Conflicting documentation was also changed on the following day.
- 4.41 A report has been run as part of testing to establish whether multiple refusals by the same person are a significant problem. The report shows refusals from April 2007 to 13Dec07 – there are not significant numbers of refusals against any one application, the maximum is 4 in 2 cases and 3 in 28 further cases.

Number of Refusals	Number of Applications	Total Refusals
4	2	8
3	28	84
2	193	386
1	1214	1214
Total	1437	1692

4.42 However it is a point of concern that there are so many refusals within a choice-based letting system potentially delaying letting and causing rent loss. It appears that a key issue is that bidders need educating to reduce the number of speculative bids where the bidder does not have a good idea about the nature and location of the property they are bidding for. Further effective analysis may be hampered as rejection codes input sometimes do not match up with the free text description given. The Company needs to be able to identify learning points from refusals whether that is in terms of bidder education, or any other issue arising from refusals.

Lettings

4.43 Discussions with the Homelink Team Leader, the Lettings Manager and Lettings team leaders provided the information that properties with no bids are just re-advertised. A team leader commented that other than for sheltered housing, there isn't really a problem in getting bids. A report showing properties advertised but with no bids, and one for bids but no offers is produced for each void edition and is checked by the Lettings team leader for the relevant area.

4.44 The Allocations Report to Ops DMT reports on errors in letting, highlighting occasional time delays, and additional processing and advertising costs in the system due to offering to incorrect band. A suggestion on removing these would be to advertise the properties with not just the intended banding but with an alternative if there are no bids from the relevant band e.g. band 2 with medical/OT recommendation alternatively to band 2 with large families. This may have the effect of improving adherence to policy and encouraging bidding as well as some reduction of costs and time delays.

Learning from Complaints

4.45 The Housing Registration & Allocations Manager uses specific allocations complaints to support training delivered in allocations meetings. She does not have a formal analysis of allocations complaints.

4.46 The Customer Relations Manager has responsibility for monitoring complaints at NCH, his team was set up in March and April 2007. Until August 2007 complaints were logged at the housing offices, but it was discovered that working in this way caused delays slowing the whole

process. From August onwards complaints have been directed straight to the service area generating the complaint – the majority (around 80%) are regarding repairs. Tenancy and Estate Management complaints remain at the housing office.

- 4.47 Complaints follow a 3 layer process: Stage 1 has a deadline of 10 working days and is the initial response for Allocations this would involve the Housing Registration & Allocations Manager and for Tenancy and Estate Management the Area Housing Manager. There has been an improvement in stage 1 response times from 40% in April to 80% in December.
- 4.48 Stage 2 has a further deadline of 10 days and takes place when the customer is unhappy about the original response or the 10 days limit for the stage 1 response has passed without response being issued. This is considered by the Assistant Director.
- 4.49 Stage 3 is the appeals stage and is entered if stage 2 time limit has lapsed or the customer is still not happy with the response after stage 2. There is a 3 member appeals panel of tenant board members. The customer is invited to attend and discuss the complaint. Only 3 complaints have reached this stage since April 2007, 2 upheld and 1 declined.
- 4.50 The final stage is referral to the Local Government Ombudsman – there have been no such referrals in the period April to December 2007 (previous referrals are still ongoing).
- 4.51 The Ombudsman Action Plan feeds into the Company Action Plan. There is a separate 3Cs (Compliments Comments & Complaints) Action Plan, the Customer Relations Manager is looking to embed this into practice over the next 6 months. These procedures seem to be generating improvements in performance, and actions arising from complaints are monitored. As at December 2007 there was no formalised system for learning from complaints, though our review of the 3Cs performance summary for 1st April 2007 to 30th September 2007 and the draft 3Cs Action Plan indicates that some opportunities have been taken. A formalised system is suggested whilst acknowledging existing good practice.

5 Action Plan

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
01	<p>A satisfactory approach to declarations of interest and conflicts of interest has not yet been implemented.</p> <p>Risk A continued lack of a coherent approach to declarations of interest and conflicts of interest could seriously undermine the company's reputation, given the context of the awaited report from the Audit Commission.</p>	<p>To avoid this there must be top level support for an annual disclosure regime which supports the effective review of compliance and the operational requirements of assurance that conflicts of interest are removed. Disciplinary measures will need to be in place in case of delays in responding or wanton omissions. (Recommendation 17 restated from 2006 audit report)</p>	High	<p>Meeting to be held with Mary Mayes (HR), Janet Locker (Governance), Sue Lomax and Sue Taylor to agree responsibilities, monitoring and processes.</p> <p>Process to be implemented and report taken to Audit Committee to agree the proposal and future monitoring.</p>	<p>Sue Taylor</p> <p>31/3/08</p>
02	<p>Offers withdrawn because they were in error or inappropriate account for around 40% of withdrawn offers.</p> <p>Risk Training need or disciplinary action is not highlighted.</p>	<p>Ops DMT should consider whether this level of error or failure to follow policy requires comment in the Allocations Report to Ops DMT</p>	Low	<p>To review errors and provide clarity on process. To provide monitoring report on a monthly basis within Allocations Reporting process.</p>	<p>Sue Lomax</p> <p>31/3/08</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
03	<p>A partner organisation failed to notify NCH of manual offers.</p> <p>Risk Partnership reputation suffers through inappropriate allocations.</p>	<p>The Housing Registration & Allocations Manager and the Homelink Team Leader should provide support for partners to help them comply with manual offer requests procedure and ensure that their senior management are made aware of non-compliance.</p>	Medium	<p>Manual Offers of Partners to be monitored in Homelink Partnership Monthly meetings and reasons for manual offers agreed and minuted. Any exceptions to be reported to Partner senior mgt and Assistant Director/Director monthly monitoring meetings.</p>	<p>Angie Knight 13/3/08</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
04	<p>The Allocations Policy was not complied with in the manual offer of a property to an owner occupier whose property was to be purchased as part of the Stonebridge regeneration scheme. It is likely that other similar manual offers have also taken place as 50 manual offers have been made as part of clearance scheme(s).</p> <p>Risk Allocations are made illegally bringing NCH and the City Council into disrepute.</p>	<p>a) The Housing Registration & Allocations Manager should liaise with the City Council to ensure that any priority they request for applicants is within the Policy.</p> <p>b) City Councillors should be given the opportunity to consider whether and what priority should be given to owner occupiers selling their property as part of a regeneration scheme, and amend the Allocations Policy if necessary.</p> <p>c) The Housing Registration & Allocations Manager should ensure that Central Allocations Officers are trained in the policy.</p> <p>d) All 50 manual offers in respect of clearance schemes should be reviewed.</p>	High	<p>a) Policy amendment to be proposed to the City</p> <p>b) The City to be asked to co-ordinate and respond to this recommendation (through Sue Lomax)</p> <p>c) Once policy confirmed, all staff to be trained and IT procedures / policy updated</p> <p>d) To be part of report provided to City in a) above</p>	<p>Sue Lomax 31/3/08</p> <p>Pat Greenwell 31/3/08</p> <p>Sue Lomax 31/3/08</p> <p>Sue Lomax 31/3/08</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
05	<p>A reconciliation of new tenancies against sources of authorisation was recommended in our report of 2006 but was not yet in place in January 2008.</p> <p>Risk Allocations are made illegally bringing NCH and the City Council into disrepute</p>	<p>A simple reconciliation should be introduced to ensure that all new tenancies are recognised and monitored by management. This will highlight new tenancies which management should investigate further. (Recommendation 9 restated from 2006 audit)</p>	High	<p>To agree report required with the Performance Team. To set up on Infoview and Central Allocations Officers to monitor monthly and co-ordinate through Allocations Reporting.</p> <p>DMT to agree sign up to monthly process</p>	<p>Sue Taylor</p> <p>31/3/08</p>
06	<p>Tenancies created without going through an offer have been identified in the list prepared for reconciliation of new tenancies to sources of authorisation. These have not been reviewed.</p> <p>Risk Allocations are made illegally bringing NCH and the City Council into disrepute.</p>	<p>Tenancies created without going through an offer should be reviewed as part of a reconciliation of new tenancies to sources of authorisation.</p>	High	<p>Central Allocations Officers to monitor monthly and co-ordinate through Allocations Reporting</p>	<p>Sue Taylor and Kim Devergori</p> <p>31/3/08</p>
07	<p>A reconciliation of new tenancies against sources of authorisation was recommended in our report of 2006 but was not yet in place in January 2008.</p> <p>Risk Allocations are made illegally bringing NCH and the City Council into disrepute</p>	<p>The reconciliation of new tenancies to sources of authorisation should be reported immediately within the Allocations Report to Ops DMT with commentary on missing authorisation.</p>	High	<p>Central Allocations Officers to monitor monthly and co-ordinate through Allocations Reporting</p>	<p>Sue Taylor</p> <p>31/3/08</p>
08	<p>a) As at January 2008 we understand that nobody has accepted responsibility for confirming that Mutual Exchanges, Changes in Tenancy Start Date and Shortlist Offers have been authorised, however monitoring within the Allocations Report to Ops DMT provides partial assurance.</p>	<p>a) Responsible parties should be accountable for confirming whether all Mutual Exchanges, Changes in Tenancy Start Date and Shortlist Offers have been</p>	High	<p>Central Allocations Officers to monitor monthly and co-ordinate through Allocations Reporting</p>	<p>Sue Taylor and Kim Devergori</p> <p>31/3/08</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
	<p>b) There is no formal system to record that lettings made for each void edition are authorised, though there is informal monitoring by the team leaders.</p> <p>c) We understand that there is no formal system to record that mutual exchanges are authorised.</p> <p>d) We understand that there is no formal system to record that tenancy amendments are authorised.</p> <p>Risk Unauthorised tenancies or tenancy amendments are made.</p>	<p>authorised on a monthly basis.</p> <p>b) Central Allocations Officers should retain an initialled record of authorised lettings for each void edition, together with notes of any issues identified when the lettings were reviewed.</p> <p>c) The Assistant Director Tenancy & Estate Management Services should arrange for records of mutual exchanges to be submitted to her office for collation and any review deemed necessary.</p> <p>d) The Assistant Director Tenancy & Estate Management Services should arrange for records of tenancy amendments to be submitted to her office for collation and any review deemed necessary.</p>			

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
09	<p>The reviews by HouseMark in Nov-Dec06 and an Area Housing Manager in 2007 found no significant progress in respect of missing documentation from house files and applications.</p> <p>Risk The company holds insufficient documentation to prove its actions in relation to customers resulting in poor customer service and loss of reputation.</p>	<p>An effective change programme should be set up to remove the counter-culture existing within the company which results in failure to place appropriate documentation on file, loss of documentation from files, misfiling, and loss of files.</p>	High	<p>A tenancy file audit is to take place and the results of this will be reviewed and actions implemented, taking into account the outstanding missing file issue.</p> <p>Allocations filing systems are to be reviewed and action taken to identify missing files</p>	<p>Kim Devergori / Sue Taylor</p> <p>31/3/08</p>
10	<p>Neither the latest report nor the HouseMark report stated</p> <ul style="list-style-type: none"> • when the work was undertaken; • what should have been on file; • what was tested; • the size of the sample; • and how the sample compares to the total. <p>The results therefore have no context.</p> <p>Risk Resource is used without obtaining meaningful information to direct and support management action.</p>	<p>Full terms of reference should be set for any quality assessment exercise, including what aspects are to be evaluated, and how the results are to be reported.</p>	Medium	<p>Full terms of reference will be set for quality assessment exercises, including what aspects are to be evaluated, and how the results are to be reported.</p>	<p>Kim Devergori Sue Taylor</p> <p>31/3/08</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
11	<p>In our 2006 audit we recommended that NCH aimed to implement a document imaging system to prevent the serious problem of missing documentation (this was also a recommendation in 2004). As yet this project has not reached procurement stage. We recognise that such projects can take a considerable period of time to bring to implementation.</p> <p>Risk There would not be a readily available record to refer to in case of query. Accountability and entitlement are unclear. It may not be possible to easily ascertain the history of individual tenancies.</p>	<p>NCH should introduce a document imaging system to ensure adequate security of documentary evidence. (Recommendation 23 restated from 2006 audit report, 5.3.09 from 2004 audit report)</p>	High	<p>The EDRM system budget (£410k Capital) has been approved (from Development Bid fund) and the IS Strategy, that we have awaited to help guide such large investment decisions will be involved with EDRMS, is nearing completion. Project is scheduled to be implemented this year (2008) once appropriate partner resource has been secured to project manage, procure and deliver the project.</p>	<p>Robert Allen</p> <p>Review progress 30/6/08</p>
12	<p>We understand that house file tracking has not been implemented.</p> <p>Risk The company holds insufficient documentation to prove its actions in relation to customers resulting in poor customer service and loss of reputation.</p>	<p>A note field on SX3 that identifies where the file is being held and who has accessed the file be introduced to track the location of files. (recommendation 24 restated from 2004 audit report)</p>	Medium	<p>A tracking system is to be established at each office for files out 'in use' and checks made of outstanding filing.</p>	<p>Kim Devergori</p> <p>31/3/08</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
13	<p>Changes of circumstances on live applications are updated at the local area offices and then sent to the Homelink office.</p> <p>Risk Dispersal of activity leads to poorer control, inconsistency of procedures and standards and higher risk of error and fraud, affecting customer service.</p>	NCH should consider removing this inconsistency and process all application changes within the Homelink office.	Low	<p>The restructure currently being implemented will increase resources at HomeLink. A phased handover of changes of circumstances by Homelink will be implemented.</p> <p>Training is to be provided to teams with a new revision and change of circumstances checklist to be implemented</p>	<p>Sue Taylor</p> <p>30/6/08</p>
14	<p>We reviewed the report of applications with list status code PEND and found that it showed some much older list status start dates. The Homelink Team Leader emailed offices and asked them to deal with those applications over 28 days with list status code PEND. By 23Jan08 only 2 of the expired PEND status applications had not been updated, but a further 24 had newly expired and 10 more were due to expire by 3 Feb08.</p> <p>Risk Failure to follow application procedures resulting in out of date application records contrary to Data Protection rules.</p>	<p>The Homelink Team Leader should use the report provided to monitor for correct application of the procedure and confirm that actions requested have been undertaken on at least a monthly basis.</p> <p>Any updates from housing offices should be completed and forwarded to Homelink within the same timescale of 28 days.</p>	Medium	To include as part of monthly monitoring reports	<p>Angie Knight</p> <p>31/3/08</p>
15	<p>For the whole of Nov04 to Nov05 and in Jun06 more than 50% of all new application numbers are missing from the computer system. Testing shows that currently the figure is around 30%. 30% is therefore a good estimate for the proportion of staff who register applications that do not follow the appropriate procedure. If a person search is</p>	a) When NCH staff create a new waiting list application they have previously been advised by Housing ICT that they must undertake a person search of the system prior to	Medium	a) An internal test of this has taken place and it is suggested changes to the IT system are made to support the potential error. A change control request will be made.	<p>Sue Lomax</p> <p>31.3.08</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
	<p>done after the application has been registered and it is found that the person is already registered onto the list then staff cancel out of the process. However the next sequential reference number has already been allocated.</p> <p>It is clear from discussion with the Housing Registration & Allocations Manager and Housing ICT that the current permissions on the Housing ICT system do not reflect actual duties in that many people have the HSG_REREG job which provides access to create applications, yet applications are only created by Homelink team.</p> <p>Risk Duplication of applications, and potential for two properties to be allocated, obscuring of tenancy history, and lack of assurance that all applications are recorded on system.</p>	<p>commencing the registration process. This would solve the issue of missing application numbers from the sequence, and ensure that no duplicate applications are created, and that tenancy history is not obscured. (Updated recommendation from 2004 audit report)</p> <p>b) NCH should review access to the Housing System against current job roles and arrange for access to create applications to be restricted to those who create applications as part of their role. This may involve creation of a new security profile and amendment of the existing HSG_REREG profile.</p>		<p>b) Testing found that the person search was being used. The IT system requires access control to avoid the impact on sequential numbering. A Change Control Request to be submitted</p>	<p>Angie Knight 31/3/08</p>
16	<p>The Central Allocations Officers review accelerations on applications resulting in an allocation on a monthly basis in respect of Local Area Preference (LAP).</p> <p>Risk Inappropriate accelerations result in an allocation which cannot be rescinded.</p>	<p>Management should consider whether resources should be made available to monitor new accelerations prior to allocation.</p>	Low	<p>A proactive process to be considered, agreed and implemented</p>	<p>Sue Lomax 30/4/08</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
17	<p>No evidence is currently required to support the attendance of a child within the household at a particular school giving rise to the LAP.</p> <p>Risk Evidence requirements are inconsistent providing no disincentive for false applications, which is necessary given the nationally known higher demand for housing in the catchment areas for better schools. False applications lead to inappropriate allocations.</p>	<p>Applicants should be required to provide a copy of communication from the school to the applicant at the application address in respect of the child as evidence supporting LAP.</p>	Medium	<p>Central Allocations Officers to amend procedures, advise employees and implement and monitor</p>	<p>Sue Lomax 31/3/08</p>
18	<p>Medical accelerations and multiple needs accelerations are not monitored, which is an inconsistency within the monitoring scheme.</p> <p>Risk Failure to identify errors or non-compliance with policy in accelerations and take appropriate action or provide appropriate training.</p>	<p>Medical accelerations and multiple needs accelerations should be monitored as part of the Allocations Report to Ops DMT.</p>	High	<p>Central Allocations Officers to include in monthly reporting</p>	<p>Sue Lomax 31/3/08</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
19	<p>The mock inspection found that there was confusion over whether applicants should be contacted after 2 or 4 refused offers. During the audit comments overheard in the Homelink team established that the team thought that the current limit for refusals before contact from NCH was 4 (this refers to an error in a Homelink publication) whereas the figure in the policy and given by the Housing Registration & Allocations Manager was 2. The Housing Registration & Allocations Manager undertook to cover this at the following day's training. Conflicting documentation was also changed on the following day.</p> <p>Risk Misconceptions about allocations policy result in inappropriate allocations.</p>	The Housing Registration & Allocations Manager should identify key misconceptions of staff in relation to the Allocations Policy and provide training to re-educate them.	Low	Number of refusals now clarified to employees. Evidence to be provided, such as team minutes, management team meeting and revised documentation	Sue Lomax 31/3/08
20	<p>There are a large number of refusals within the choice-based letting system.</p> <p>Risk Potential delay in letting and rent loss.</p>	Bidders should be educated to reduce the number of speculative bids where the bidder does not have a good idea about the nature and location of the property they are bidding for.	Medium	Refusals will be monitored monthly and more effectively and as part of the Allocations Reporting. Refusal categories will be reviewed and action taken to address and reduce refusal rates with increased customer contact and changes to adverts applied where necessary. Once reviewed, quarterly targets will be set to monitor reduction and progress	Berni Lawley 30/4/08

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
21	<p>Further effective analysis of refusals may be hampered as rejection codes input sometimes do not match up with the free text description given.</p> <p>Risk The Company is unable to identify learning points from refusals.</p>	The Company should attempt to identify learning points from refusals. Rejection codes and free text description should be available for this. Any issues arising from mismatch should be used to help improve the coding of future rejection.	Medium	Refusals will be monitored monthly and patterns and reasons for refusals acted upon. Actions will be monitored to determine impact on refusal rates and lessons learnt incorporated into service improvements.	Berni Lawley 30/4/08
22	<p>Errors in letting due to offering to incorrect band were identified in the Allocations Report to Ops DMT reports.</p> <p>Risk Non-adherence to policy and lack of incentive to bidders from other bands. Time delays, and additional processing and advertising costs.</p>	Advertise the properties with not just the intended banding but with an alternative if there are no bids from the relevant band e.g. band 2 with medical/OT recommendation alternatively to band 2 with large families.	Low	Adverts will be amended where practical to do so as we do not want to deter bids.	Angie Knight 31/3/08
23	<p>As at December 2007 there was no formalised system for learning from complaints, though our review of the 3Cs performance summary for 1st April 2007 to 30th September 2007 and the draft 3Cs Action Plan indicates that some opportunities have been taken.</p> <p>Risk Failure to improve performance following complaints.</p>	A formalised system is suggested whilst acknowledging existing good practice.	Low	To meet with Tom Welch and establish a formal and regular review process	Sue Lomax 30/4/08

Signed..... Date.....

(3rd tier manager or above)

Glossary of Terms

1 Categorisation of Recommendations

The recommendations within this report have been categorised by City Audit Services as:

High Priority	A fundamental weakness which presents material risk to the audited body and requires urgent attention by management.
Medium Priority	A significant weakness whose impact or frequency presents an unacceptable risk to the audited body that should be addressed by management.
Low Priority	The audited body is not exposed to any significant risk, but the recommendation merits attention.

In all cases Internal Audit will follow up implementation of the recommendations by the agreed date.