

# **Housing Rents 2013-14**

## **City of York Council**

### **Internal Audit Report**

Business Unit: Housing Services  
Responsible Officer: Head of Housing Services  
Service Manager: Housing Landlord Service Manager  
Date Issued: 30/05/2014  
Status: Final  
Reference: 11710/005

	P3	P2	P1
Findings	1	1	0
Overall Audit Opinion	Substantial Assurance		

## Summary and Overall Conclusions

### Introduction

The billing, collection and recovery of rent for council housing is the responsibility of the Housing Services department. The service is responsible for the maintenance of accounts and collection of rent for 7,900 council owned properties with a net book value of £268m. During 2012/13 the gross rental income from these properties was £29m, with an average rent of £67 per property per week. As at 31 March 2013 the level of current rent arrears was £497k with former tenant arrears being £328k. £177k of former tenant arrears was written off as uncollectable during 2012/13.

### Objectives and Scope of the Audit

The purpose of the audit was to provide assurance to management that procedures and controls within the system will ensure that:

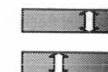
- Rents are calculated accurately in accordance with council financial regulations, relevant legislation and government guidelines;
- Tenants are billed correctly for rent due;
- Rent income is correctly accounted for;
- Additional charges relating to warden call are accurately calculated and billed as part of the customer's rent account;
- Rent arrears are subject to appropriate and timely recovery action;
- Performance is monitored and managed on an ongoing basis;
- Access to the rents system is controlled to ensure authorised users are only given suitable access to the system.

### Key Findings

The audit found that the systems in place to collect, record, reconcile and monitor housing rents were working satisfactorily together with the arrangements for debt recovery. Some amendments are needed to user access in order to effectively restrict access to high risk tasks within the system and improvements are needed to ensure that large credit balances are refunded to tenants.

### Overall Conclusions

It was found that the arrangements for managing risk were good with few weaknesses identified. An effective control environment is in operation, but there is scope for further improvement in the areas identified. Our overall opinion of the controls within the system at the time of the audit was that they provided **Substantial Assurance**.

**Area Reviewed: SX3 user access****Severity**  
**Probability****1 Issue/ Control Weakness****Risk**

System access for a number of staff was found to be incorrect

Tenancies are set up, rent levels changed or arrears written off in error or without appropriate authorisation.

**Findings**

A full review of user access has not been undertaken by Housing Services for a number of years. Access to perform critical tasks within the system was reviewed to confirm whether these functions are appropriately controlled. The functions reviewed were setting up a new tenancy, changing the name on an existing tenancy, changing rent levels and writing off arrears. Results were discussed with the Business Support Officer and it was confirmed that a total of 81 staff had access to perform one or more of these tasks that was not appropriate given their current job role.

**1.1 Agreed Action**

An exercise will be undertaken with the ICT Systems Support team to identify users that currently have access to perform these three tasks even though it is no longer relevant to their current job role. These users will then have their access amended to prevent them undertaking these tasks in future. An email will be sent to users to advise them that their systems access has been changed.

**Priority**

2

**Responsible Officer**

Housing Landlord Manager

**Timescale**

30/06/2014

## Area Reviewed: Rent accounts with credit balances

Severity **1**  
Probability **1**

### 2 Issue/ Control Weakness

### Risk

Accounts with large credit balances are not being reviewed to confirm whether a refund should be made. Tenants are not refunded balances due back to them.

### Findings

A sample of rent accounts with large credit balances was reviewed with the Estate Managers to confirm whether any a refund was due to the tenant. For the majority of cases tested, a refund should have been made to the tenant but no action had been taken. A report used to be produced regularly which identified all accounts with a credit balance over £500 which the Estate Managers reviewed and issued a refund where appropriate but this report is not currently being produced.

### 2.1 Agreed Action

The report which identifies all accounts with a credit balance over £500 will be distributed each month to Estate Managers. The Housing Team Leader Team will review these cases in rent account monitoring meetings with Estate Managers which take place every six to eight weeks.

Priority	3
Responsible Officer	Housing Landlord Service Manager
Timescale	30/04/2014

## Audit Opinions and Priorities for Actions

### Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Moderate assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

### Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

