



INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager
TO: Head of Housing
C.C.: Chief Executive
Deputy Chief Executive
Head of Finance
Landlord Services Manager
Landlord Operations Manager
Portfolio Holder (Cllr Wightman)

SUBJECT: Tenancy Management
DATE: 16 June 2023

1 Introduction

- 1.1 In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Emma Walker, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

- 2.1 Tenancy Management refers to the processes involved in managing domestic Council tenancies, from their commencement to their termination. These processes ensure that all tenants adhere to Council regulations and receive high-quality customer service.
- 2.2 There are approximately 6000 tenancies currently managed by the Council; these are monitored by Housing Officers through the Active H system.

3 Objectives of the Audit and Coverage of Risks

- 3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being controlled appropriately or whether there have been issues identified that need to be addressed.
- 3.2 In terms of scope, the audit covered the following risks:
1. Loss of income where tenants have abandoned the property.
 2. Costs of repairing mistreated properties.
 3. Failure to respond to/comply with changes in legislation.

4. Breaches in tenancy agreements leading to loss of income/legal disputes.
5. Failure to provide tenants with quality service.
6. Failure to respond to tenant/anti-social behaviour complaints.
7. Housing staff unaware of the correct processes and procedures.
8. Mutual exchanges ineffectively managed.
9. Potential for illegal subletting to take place in Council properties.
10. Health and safety of staff conducting tenancy visits.
11. Tenancy update visits not completed in a timely manner.
12. Insufficient tenancy documentation/records held.
13. Deficiencies in garage tenancy agreements/garage tenancy arrears ineffectively managed.

3.3 A 'risk-based audit' approach has been adopted, whereby key risks have been identified during discussions between the Internal Auditor and key departmental staff. The Housing and Significant Business Risk Registers have also been reviewed.

3.4 These risks, if realised, would be detrimental to the Council with regards to meeting the external 'People' element of the Fit for the Future Strategy. The Council has a duty to effectively manage its properties and comply with all relevant legislation.

4 Findings

4.1 Recommendations from Previous Reports

4.1.1 The current position in respect of the recommendations from the audit reported in March 2021 was reviewed. It should be noted that a consultancy review of the service was conducted in November 2021. However, as several of the recommendations reported in March 2021 were resolved during that review they have been omitted from this report. The current position in respect of previously-issued recommendations is as follows:

Recommendation	Management Response	Current Status
A review should be completed of the phone duty rota and procedure to ensure that busier shifts are covered and abandoned calls are kept to a minimum. Call waiting messages could be used to remind customers of alternative ways to contact the Council, encouraging a channel shift towards using the website or email.	A review of the phone rotas in line with housing officer duties will be undertaken in April. Opportunities to move more services online will be explored and comparisons of telephone performance will be undertaken.	A new phone procedure is being finalised for the end of May 2023. A new duty rota has been compiled to ensure that busier shifts are covered.

Recommendation	Management Response	Current Status
<p>All relevant documentation should be stored and recorded correctly to show that the Council is compliant with the tenancy agreement.</p>	<p>The Landlord Operations Manager is working on a set of procedures for officers to follow, relating to all functions of the Landlord Operations Team. These procedures will include the storage of documents. Housing Services will review the use of IT equipment which could allow information to be uploaded to Active H whilst on site.</p>	<p>Several sets of testing conducted by the auditor revealed that this process has become much more streamlined. Whilst there are still inconsistencies with the storage of evidence, copies of relevant documentation have been appropriately recorded and uploaded to the DIP (Document Image Processing). The service has also procured several tablets for officers to use when conducting site visits.</p>
<p>There should be a procedure in place for Housing Officers to follow to ensure that the same process is followed when logging visits and saving relevant documentation.</p>	<p>The set of procedures currently being compiled by the Landlord Operations Manager includes instructions for staff to follow both when conducting Tenancy Update Visits and when saving relevant documentation.</p>	<p>Several procedure notes have been compiled and distributed by the Landlord Operations Manager. These include step-by-step instructions and flowcharts to ensure that all staff follow the same processes. There are a number of letter templates contained within these documents to ensure staff maintain consistency.</p>
<p>The application for the mutual exchange, together with other relevant documents should be saved either to the tenant or property files. A formal procedure for officers to follow when processing applications for mutual exchanges should be produced.</p>	<p>The set of procedures currently being compiled by the Landlord Operations Manager also includes a guide on handling applications for mutual exchanges.</p>	<p>A new mutual exchange procedure was launched in May 2023. This document details the necessary steps required of staff when managing property exchanges. Testing conducted by the auditor revealed that documents relating to mutual exchanges were all signed; however, only 60% of these had been saved to each tenant's file on the DIP.</p>

4.2 **Financial Risks**

4.2.1 **Potential Risk: Loss of income where tenants have abandoned the property.**

Reports of abandoned properties are investigated by Housing Officers (HO). Testing conducted by the auditor revealed that all reports of abandoned properties had been investigated, culminating in a site inspection by the relevant HO. In all cases, documentation was appropriately recorded and retained on the DIP (Document Image Processing). A Notice to Quit (NTQ) was served and the rent accounts closed within one month of the properties being abandoned.

4.2.2 **Potential Risk: Costs of repairing mistreated properties.**

The Council's insurance does not cover damage caused by lack of maintenance or general wear and tear; accidental damage is, on the other hand, included within the policy. Rent deposits are not taken from tenants to repair damage. Most repairs remain the responsibility of the tenant and repair fees are charged to the rent account. Tenants can only deduct the cost of repairs from rent where the Council has failed to carry out the repair. It was clear during audit testing that tenant repair costs had been effectively recharged to the relevant rent accounts. Tenants who move to another Council property within the district have any payable damage charges transferred to their new rent account. If a tenant has passed away, the repair bill is then taken from the estate.

4.3 **Legal and Regulatory Risks**

4.3.1 **Potential Risk: Failure to respond to/comply with changes in legislation.**

Changes in legislation are communicated to staff through a variety of methods including emails, team meetings or team calls which take place on a weekly basis. There have been no recent changes in legislation as the service is bound by the Housing Act 1996. Any changes in legislation would be reflected in procedure logs wherein updated versions of the procedure are displayed.

4.3.2 **Potential Risk: Breaches in tenancy agreements leading to loss of income/legal disputes.**

The Housing Tenancy agreement outlines the rights and responsibilities of the tenant. The tenant has the right to certain repairs, the right to be consulted on proposals for change and the right to exchange. They are, however, also required to maintain the property in good working order and ensure that the property is their principal home. The agreement also provides a list of prohibited activities such as damaging communal areas, parking unlicensed cars and allowing the garden to overgrow etc. Tenants are allowed to keep domestic pets if kept under proper control. However, animals such as cats and dogs are not allowed in flats and maisonettes which have communal entrances, staircases, or lifts.

As per the Anti-Social Behaviour (ASB) policy, during settling-in visits the rights and obligations of the tenant, as set out in the tenancy agreement, are explained, and reinforced by the HO. These first-contact visits aim to address any early signs of ASB or breaches of tenancy. Introductory tenancies are monitored to ensure that tenants comply with the tenancy agreement. Breaches in tenancy conditions are investigated and, if not resolved, tenancies are terminated. The Council can take action to end an introductory tenancy at any time. Serious breaches include drug dealing, using the property for immoral or illegal purposes, committing assault, and so on.

The Landlord Operations Manager (LOM) compiled an operating procedure for handling the breach of tenancy conditions; this was last reviewed on 30 May 2022. This states that in the event of a breached tenancy, a warning letter will be issued detailing the steps needed to rectify the problem. Visits to the property will be made in the first instance to try to resolve any issues. A second warning letter is then issued if a breach of tenancy ensues; re-visits to the property should take place within fourteen days. Testing conducted by the auditor revealed two strands of breached agreement: damaged properties and poor property conditions. There was just one case in the sample wherein the property had been damaged. The property was visited by the relevant area HO and costs to repair the damage were repaid by the tenant. Appropriate documentation was retained on the DIP and the introductory tenancy extended.

The remaining properties sampled were found to be in poor condition. Fourteen of the sixteen properties were visited by HOs; the remaining two could not be visited as the tenants were not present. Whilst there is no time requirement in which first visits must be conducted after a breach of condition, most visits were conducted in a timely manner. A warning letter was also issued in thirteen cases. Six of the property re-visits were conducted within fourteen days. The remaining properties were visited after this period, although it should be noted that in two of these cases several visit attempts were made before the actual visit took place. Documentation had also been appropriately retained against each property.

Recommendation - Staff should be reminded to conduct follow-up visits within fourteen days.

Introductory tenancies last for twelve months, after which a secure tenancy is granted unless steps are taken to terminate the introductory tenancy before the twelve months expire. Introductory tenancies are awarded if the tenant has never previously rented a home from the Council, has only rented from a private landlord or has had a period away from being a Council tenant. During an introductory tenancy, tenants cannot apply to buy their home, exchange homes with another tenant or sub-let the property.

The LOM has compiled a standard operating procedure for the management of introductory tenancies (July 2021). This contains steps to ensure a consistent process is followed by all HOs. The Landlord Operations Team (LOT) aim to visit all new residents within 4-6 weeks of the start of their tenancy, to ensure that they understand their responsibilities as tenants and that any support needs have been adequately gauged. Further reviews are undertaken at quarterly intervals throughout the introductory period.

At the time of the settling-in visit, the HO will arrange a date with the tenant for the next quarterly check in. These are undertaken at three, six and nine-month intervals. They provide opportunities to act upon breaches of tenancy and address any early concerns. At month nine, a visit should be made to the tenant to determine whether to end the tenancy, grant a secure tenancy or extend the introductory tenancy.

Eleven of the twenty cases tested by the auditor received a first contact visit following the start date of the tenancy; seven of these were conducted within the 4–6-week period. Although the remaining samples may have received a first contact visit, the relevant documentation had not been uploaded to the DIP to evidence this.

Advisory – Consideration should be given to reminding staff to conduct settling-in visit within six weeks of the introductory tenancy commencing.

It should be noted that in determining a testing sample, there were several properties that had not received any form of quarterly contact. One property also had two separately-addressed tenancies loaded onto the DIP. In five cases, a three-month visit was scheduled with the tenant after the initial visit took place. All ten properties sampled received a three-month visit, five of which were completed according to schedule. Only three cases received a six-month visit, and seven properties received a nine-month visit. In five cases, a secure tenancy was granted following the end of the introductory tenancy. All ten accounts did, however, have the relevant documents retained on file.

Recommendation - Staff should be conducting visits at quarterly intervals for new tenancies.

Advisory - Consideration should be given to reminding staff to grant a decision at the end of an introductory tenancy period.

Testing was performed on secure tenancies to check that these had been dealt with appropriately following the termination of introductory tenancy agreements. In all twenty cases, a signed introductory tenancy was held on the DIP. Ten of these cases had transferred to a secure tenancy one year after the introductory tenancy ended; three cases were still waiting for a secure tenancy to be signed. Eight cases had transferred to a secure tenancy but did not have the secure agreement attached to the DIP. Nine secure tenancies had corresponding agreements held on file.

Recommendation - Staff should be reminded to issue secure tenancy agreements in a timely manner following the end of an introductory tenancy.

The LOM advised that with the introduction of Active H mobile, staff are now able to automatically alter tenant details in real-time. This function also allows HOs to diarise where visits have taken place. As this process is still being streamlined, there is a mixture of evidence held on the DIP, DMS (Document Management System) and Active H.

Advisory – Consideration should be given to reminding staff to upload all tenancy-related documents to the DIP and receive appropriate signatures for these documents where necessary.

Residents can inform the Council directly of a change of tenant through an online form on the Council website. There are several different changes in circumstance for housing tenants:

- **Assignment** – When one tenant legally passes their tenancy onto another person. A tenant may have the right to assign their tenancy through legislation or as a condition of their tenancy agreement.
- **Succession** – When a tenant dies, the policy is to grant rights of succession to other occupiers in accordance with current legislation. In most cases, the tenant’s spouse, civil partner, or partner may have a legal right to succeed a tenancy. The Council may also consider offering a new tenancy to an adult member of the family. For most tenancies, there is only one right of succession, meaning that if the tenancy has already passed to a joint tenant, spouse, civil partner, or family member, then no further right to succeed the tenancy will be granted.
- **Change of Name** – The Council will agree to amend the tenancy following a name change if sufficient legal evidence is provided.
- **Ending Tenancy** – Residents wishing to leave their home permanently, must give four weeks’ notice. The Council should arrange a visit to inspect the property and the tenant will be recharged if the property is not left in the expected condition.
- **Someone Moving In/Out** – A sole tenant wishing to add someone to their tenancy must apply in writing. The Council usually only agrees to create a joint tenancy for married couples or people in a relationship that live together. If one tenant vacates, then both tenants remain liable for any unpaid rent.
- **End a Joint Tenancy** – If a joint tenant vacates the property, this ends the current tenancy.

An operating procedure for the succession of tenancies has been compiled by the LOM. This includes step-by-step instructions for Active H users and a flow chart depicting the rights to succession. Appendices to this procedure include a succession to tenancy acceptance form, NTQ and notice of seeking possession; this ensures that all letter formats remain consistent.

Changes to tenancies were also tested by the auditor to ensure that these were dealt with according to Council policy. In nine cases, sufficient supporting evidence through documentation and diary notes had been saved to Active H/DIP. Six cases received updated documentation following the change of tenancy, either in the form of a tenancy agreement, a use and occupation letter, or a secure tenancy acceptance form.

Advisory – Consideration should be given to reminding staff to issue updated tenancy documentation after a change in tenancy.

Where tenancies had been ended by the resident, testing revealed that four weeks’ notice had been given by the tenant in six cases. This could not be determined for the remaining four cases, as the evidence to support this was

not uploaded to the DIP. The properties tested were not inspected prior to the tenant vacating. Although, there is no legal requirement to complete an end of tenancy property inspection, it would be good practice for the Council to do so. In nine cases, the keys were handed back to the Council in a timely manner with a signed key receipt held on the DIP to evidence this.

Advisory – Consideration should be given to inspecting properties prior to a tenant vacating, where possible.

4.4 **Reputational Risks**

4.4.1 **Potential Risk: Failure to provide tenants with quality service.**

Relevant information is issued to tenants in a timely manner. Testing revealed that in nineteen cases, relevant information pertaining to the tenancy agreement was effectively provided e.g., key receipts, data protection forms etc. Fifteen tenants received this information in the same month as their tenancy start date; four tenants received the information a month in advance.

Support networks are also offered to tenants; a list of contact options is located on the Council website. The LOT also signpost several support networks to tenants including P3 (a charity who provide housing advice and support) and Breathing Space, a debt respite scheme.

4.4.2 **Potential Risk: Failure to respond to tenant/anti-social behaviour complaints.**

ASB refers to any unreasonable behaviour or action that adversely affects the quality of life of people within the local community. Section 1 of the Crime and Disorder Act 1998 defines ASB as "behaviour which causes or is likely to cause harassment, alarm or distress to one or more people, who are not in the same household as the perpetrator". The definition of ASB is outlined in the tenancy agreement.

The Council take several steps to tackle ASB, including:

- Sending advisory letters about problems at specific locations.
- Sending letters to the individual involved (or their parents) warning them about their behaviour.
- Issuing Acceptable Behaviour Contracts to individuals.
- Issuing Parental Responsibility Contracts to parents.
- Serving Community Protection Notices to prevent anti-social activity.
- Securing Orders from the Court including Parenting Orders, to ensure that parents take responsibility for their children's actions.

There is an ASB procedure in place which ensures that staff respond to ASB complaints in a consistent manner. The Council's ASB policy outlines the different forms of ASB, including nuisance and forms of harassment. Residents of the district can make ASB enquiries directly through the Council website. Complaints can be received in any form; these do not have to be made in writing. Complainants are encouraged to contact the neighbour in the first instance to approach the issue politely and then report on the outcome of this to

the HO. If, however, this is unsuccessful, complainants are asked to keep an incident log through Nuisance Record Sheets for a period of 28 days. The Nuisance Records are then evaluated by the area HO who will consider whether other agencies could assist e.g., Social Services, Warwickshire Police etc.

If, after the assessment, the perpetrator is found to be acting unreasonably, the HO will then issue an ASB Action Plan, outlining the ways in which to address the issue; however, this is reliant on sufficient evidence having been compiled in the incident logs. The tenant causing the nuisance must be notified of the nature of the complaint and that incidents of ASB are being recorded; the complainant's identity remains confidential throughout this process. A warning letter is then issued to the perpetrator, detailing the nature of the nuisance and how others have been affected. Should the behaviour continue, the perpetrator is invited to attend an interview at Riverside House, where it is advised that legal action will be taken to enforce the Council's Conditions of Tenancy should the nuisance continue.

According to the ASB procedure, all complaints should be acknowledged by the Council. Six of the ten cases sampled by the auditor had some form of acknowledgement addressed to the complainant. In eight cases, the tenant was duly notified of the complaint and, in all ten cases, the complainant was kept well informed of proceedings. In five cases, nuisance logs and action plans had been completed, although one of these had not been uploaded to the DIP. A warning letter was appropriately distributed in all ten cases and nine properties were visited by the area HO. Whilst documentation was held on the DIP in eight cases, the case close dates were sporadic across the sample, with completion ranging from one month to nine months. One case was yet to be closed off on Active H despite having been resolved.

Advisory – Consideration should be given to reminding staff to acknowledge ASB complaints and distribute nuisance logs/action plans where appropriate.

Advisory – Consideration should be given to reminding staff that, as per the ASB policy, the perpetrator should be informed of any ASB complaints.

4.4.3 Potential Risk: Housing staff unaware of the correct processes and procedures.

Several procedure notes have been compiled and distributed by the LOM. These include step-by-step instructions on how to log the process through Active H. There are also flowcharts located within these notes to ensure that staff follow consistent processes. Procedure notes have been created for managing ASB, Introductory Tenancies, Mutual Exchanges, Breaches of Tenancy Conditions, Successions, Tenancy Update Visits and Garage Accounts.

4.5 Fraud Risks

4.5.1 Potential Risk: Mutual exchanges ineffectively managed.

A mutual exchange allows social housing tenants to swap properties. Each tenant moves into their exchange partner's property and then takes on the responsibility for that tenancy. It does not involve any property becoming empty. Tenants need the landlord's permission before any mutual exchange can take place and exchanges cannot occur where recovery/legal actions are taken against the tenant, or where the tenancy agreement does not allow it. Tenants may exchange to a larger or smaller property and/or they may move to a different location. Most tenants with a secure tenancy are eligible to carry out a mutual exchange. However, those with rent arrears, a history of ASB, or other breach of tenancy are not eligible.

The Council aims to inform applicants of the outcome within forty-two days of receiving mutual exchange application forms. Tenants are instructed not to make any arrangements to move until they have received written approval from all landlords and must not exchange the home without permission from the Council. The Council subscribes to the HomeSwapper service, which allows tenants to browse available properties. Membership to this service is free for tenants and is advertised through the Council website. A review of the application costings was conducted by the auditor. A contract for the HomeSwapper software has been in place since 1 December 2021. Thus far, contract expenditure is at £13,456.53. The contract limit is set to £45,000, meaning that expenditure is well within the allocated amount, with a predicted contract end date of 30 November 2024.

The testing of mutual exchanges conducted by the auditor confirmed that, in all cases, the rent accounts were clear before the exchange took place; a pre-transfer inspection was also conducted by the HOs and tenant details were checked during the process. Whilst documentation was signed in all cases, in two samples the documentation did not appear on the DIP for both exchange parties. The LOT had, however, been in contact with the applicants within forty-two days in all cases.

Advisory – Consideration should be given to reminding staff to save all exchange paperwork to the relevant rent accounts through the DIP.

The mutual exchange procedure document details the steps expected of staff when managing exchanges. This is a new procedure that was collated in May 2023. The procedure specifies where copies of the applications should be saved and asks staff to set diary reminders in order to monitor applications within the specified timeframe.

4.5.2 Potential Risk: Potential for illegal subletting to take place in Council properties.

Any illegal occupants i.e., people inhabiting the property that are not included on the tenancy agreement, are identified through Tenancy Update Visits (TUV). NFI (National Fraud Initiative) checks are conducted on tenants during the application stage; this is dealt with by the Lettings Team. Any instances of fraud found during the tenancy are referred to the internal investigation team. Staff are not required to sign conflict of interest forms; neither are duties formally segregated. Should a HO become aware that friends or family have taken on a

tenancy with the Council, they would be expected to inform the LOM and an alternative member of staff would be allocated to the case; this has never presented a significant issue.

Information regarding tenant ASB or rent arrears is communicated through Landlord References; however, these are rarely requested outside of the mutual exchange process. Tenants are required to show ID and provide updated details to HOs where necessary. However, it was revealed during testing that checks of tenant ID do not consistently take place; only eleven out of twenty tested cases received a resident ID check.

Recommendation - All officers conducting Tenancy Update Visits should check resident ID and note these checks on the visit sheets.

4.6 **Health and Safety Risks**

4.6.1 **Potential Risk: Health and safety of staff conducting tenancy visits.**

There is a Council vehicle in place which staff are expected to use when conducting site visits within a 30-mile radius of Riverside House. All staff who have completed the car induction have access to the vehicle; however, the MOT expired for this in April 2023 and so the vehicle is currently not in use. The LOM advised that the MOT is scheduled for renewal. Staff are not permitted to use their own vehicle for site visits if the pool car is available. Only if the car is in use or not roadworthy are staff then permitted to use their personal car for site visits; this policy aims to limit personal mileage claims. A risk assessment for the pool car was last conducted in August 2020 by the Senior Housing Officer (SHO). This is due to be updated in July 2023. The assessment outlines the risks associated with accessing, leaving, and using the vehicle as well as electric charging.

There is also a risk assessment in place related to external site visits. This was last conducted in July 2020 by the SHO and is due for renewal in October 2023. The assessment outlines the risks associated with COVID-19, travelling for work, violence or aggression and PPE.

The staff alert list is easily accessible on the Intranet. Before staff interview or visit an individual at a property, they should always check the staff alert list to establish whether there is any information pertaining to that individual. If staff have concerns about an individual that they have interviewed or visited, they should complete a staff alert list submission form. Active H also displays tenants and properties where two or more staff are expected to attend; warning messages also appear on properties where the Police would need to be contacted.

All members of the LOT have been issued with Solo Protect devices and mobile phones. There is no set ICE (In-Case of Emergency) list in place, but emergency information is obtainable by the LOM, Landlord Services Manager (LSM) and SHOs via I-Trent. Staff also note their whereabouts through their Outlook calendars or notify the SHOs.

As stated in the ASB policy, all members of the LOT receive lone-working and conflict management training. The LSM is a key contact in the Safeguarding policy; staff are able to book onto Safeguarding training through I-Trent, if necessary.

4.7 **Other Risks**

4.7.1 **Potential Risk: Tenancy update visits not completed in a timely manner.**

Tenancy Update Visits (TUV) take place every three years. Visits to high-rise flats take place annually due to fire safety requirements. Letters are distributed to the resident with appointment dates and times; these can be rearranged to suit the tenant. Diary notes on Active H display when visits have been completed. There is a specific TUV procedure in place which was last updated 1 May 2023. During a TUV, residents inhabiting the property are checked and verified against those listed on the tenancy agreement.

4.7.2 **Potential Risk: Insufficient tenancy documentation/records held.**

A sample of visits was tested by the auditor to ensure that these had been documented appropriately. The sample included ten high-rise flats, three houses and seven bungalows. In eleven of the twenty samples, the tenant had been duly notified of the upcoming visit. In seven of these cases, the tenant had been informed of the first TUV; however, they had not been informed of any subsequent visits. Only one of the twenty visits had been conducted by the due date. In nineteen cases the condition of the property had been noted. In all twenty samples, repairs and rent arrears had been considered during the visit.

Recommendation – Staff should be reminded to conduct tenancy update visits by their due date.

4.7.3 **Potential Risk: Deficiencies in garage tenancy agreements/garage tenancy arrears ineffectively managed.**

The terms set out in the garage tenancy allow the garage to be used for the sole purpose of housing private motor vehicles and not for the storage of any other items. Garages cannot be used for business purposes or by anyone other than the individual living at the address. Internal maintenance of the garage remains the responsibility of the tenant; only the garage exterior can be maintained by the Council.

A new garage procedure document is in place which sets out how to manage the collection of arrears. There are also a number of template documents to ensure that information shared with tenants remains consistent. The actual allocation of garages is undertaken by the Lettings & Allocations team. The LOT manage garage arrears and deficiencies in garage tenancies.

Warning letters are initially issued to the tenant to advise that they are in arrears for the garage rent. This also outlines the support that can be provided to the tenant if facing financial difficulty. Failure to clear arrears or contact the appropriate officer within seven days will result in the garage being lost.

A standard operating procedure for managing garage accounts has been compiled by the LOM; this was last updated July 2021. Each week a report is run giving details of all garages in arrears over £5. Accounts in arrears are first sent a warning letter. If the arrears have not been cleared within seven days, an NTQ is served on the tenant of the garage. A certificate of delivery must also be completed alongside this. If the arrears have not been cleared by the time the NTQ expires, then a request for an immediate lock change is forwarded to the Repairs Team.

Although not a statutory requirement, it may be considered good practice for the LOT to conduct annual inspections of Council-owned garages. The tenant is permitted to allow Council officers to enter and inspect the garage for any purpose or carry out repairs. Inspections will check that the garage is being used for the sole purpose of storing a motor vehicle, no belongings are stored in the garage, and that there are no signs of combustible substances or pressurised containers stored. Any breaches result in a warning letter being issued. Rent for garages is charged weekly; if payments are not made in accordance with this agreement, an NTQ is served. An NTQ is also served on any garage rented by a tenant whose main rent account falls into arrears, regardless of the balance on the garage account.

The LOM advised that garage inspections have not taken place in recent years; not only is there no legal requirement to do so, but this would be difficult to achieve due to lack of resources. The auditor did, however, test that garage arrears had been dealt with effectively. It was revealed that all fifteen accounts had appropriate warning letters issued, declaring that the rent should be cleared within seven days; however, only two NTQs were served within the seven-day limit. Eight certificates of delivery were issued at the same time as the NTQ. A date was not provided on four of the certificates of delivery and two certificates had not been uploaded to the DIP.

Recommendation - Staff should be reminded that NTQs should be served within seven days of a warning letter being issued.

Recommendation - Staff should be reminded to date and issue Certificates of Delivery in a timely manner.

5 Summary and Conclusions

5.1 Section 3.2 sets out the risks that were reviewed as part of this audit. The review highlighted weaknesses against the following risks:

- Risk 4 – Staff may not be conducting revisits to properties within fourteen days following a breach of tenancy. Staff may not be conducting visits at quarterly intervals for new tenancies. Staff do not always issue secure tenancy agreements in a timely manner following the end of an introductory tenancy.
- Risk 9 – Staff may not be checking resident ID during Tenancy Update Visits.
- Risk 12 - Staff may not be conducting Tenancy Update Visits in a timely manner.

- Risk 13 – Staff may not be issuing NTQ’s in a timely manner. Staff do not always provide a date on certificates of delivery.

5.2 Further ‘issues’ were also identified where advisory notes have been reported. In these instances, no formal recommendations are thought to be warranted, as there is no significant risk attached to the actions not being taken.

5.3 In overall terms, therefore, we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Tenancy Management are appropriate and are working effectively to help mitigate and control the identified risks.

5.4 The assurance bands are shown below:

Level of Assurance	Definition
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

6 **Management Action**

6.1 The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Tenancy Management– June 2023

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.2	Legal & Regulatory Risks: Breaches in tenancy agreements leading to loss of income/legal disputes.	Staff should be reminded to conduct follow-up visits within fourteen days.	Low	Landlord Operations Manager & Senior Housing Officer	This will be picked up in Team Meetings and at 1:1 supervisions with those responsible. A note will be added to the procedure to remind staff of the deadline.	July 2023
		Staff should be conducting visits at quarterly intervals for new tenancies.	Medium	Landlord Operations Manager	This will be addressed through implementation of management audits for how Introductory Tenancies have been managed.	September 2023
		Staff should be reminded to issue secure tenancy agreements in a timely manner following the end of an introductory tenancy.	Low	Landlord Operations Manager	This will be addressed through implementation of management audits for how Introductory Tenancies have been managed.	September 2023
4.5.2	Fraud Risks: Potential for illegal subletting to take place in Council properties.	All officers conducting Tenancy Update Visits should check resident ID and note these checks on the visit sheets.	Medium	Landlord Operations Manager	A note will be added to the procedure to this effect and the documentation will be amended to reflect fact that ID needs to be checked.	July 2023
4.7.2	Other Risks: Insufficient tenancy documentation/records held.	Staff should be reminded to conduct tenancy update visits by their due date.	Low	Senior Housing Officer	To be picked up at Team Meeting and in staff 1:1 supervisions.	August 2023

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.7.3	Other Risks: Deficiencies in garage tenancy agreements/garage tenancy arrears ineffectively managed.	Staff should be reminded that NTQs should be served within seven days of a warning letter being issued.	Low	Landlord Operations Manager & Senior Housing Officer	To be picked up with HMA supervisions	July 2023
		Staff should be reminded to date and issue Certificates of Delivery in a timely manner.	Low	Landlord Operations Manager & Senior Housing Officer	To be picked up with HMA supervisions	July 2023

* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

High: Issue of significant importance requiring urgent attention.
Medium: Issue of moderate importance requiring prompt attention.
Low: Issue of minor importance requiring attention.