

**MIDLOTHIAN AUDIT SERVICES  
INTERNAL AUDIT REPORT**



**SUBJECT:** Housing Allocations

**Issued to:** Eibhlin McHugh, Acting Director Communities and Wellbeing  
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## EXECUTIVE SUMMARY

### 1 Objective of the review

The objective of the audit was to review a sample of housing allocations for compliance with policy.

### 2 Remit and Scope

#### Scope of Audit

The audit took a sample of 30 housing allocations and tested whether or not these were processed in accordance with the relevant allocations policies and procedures.

Included within this sample were a number of cases where members of the public had complained about perceived unfairness in the process because of links between members of staff or elected members and the applicant. The audit therefore looked for evidence of any favouritism to these applicants or applicants being denied property where they had made previous complaints.

### 3. Background

The Audit follows on from a previous internal audit report issued in April 2011 and the Housing Regulator's report issued to the Council in June 2011. The issues raised in these reports are currently in the process of being actioned and a new allocations policy is to be launched in the near future.

Internal Audit has not undertaken a follow up of these issues since many of the issues are not yet complete.

### 4 Audit Conclusion

In relation to new build properties, we can see why there may be a perception of unfairness as under the current allocation rules priority is given to those on the transfer waiting list which, particularly in the case of new builds, means that individuals with few need points may be re-housed ahead of those who may have a high number of need points on the direct list. The purpose of this policy has been to provide a move for existing tenants to a new property which resolves their housing need, with the backfill property allocated to the Direct List applicants thus making use of available stock.

The allocations policy is however in the process of being reviewed and going forward is to be based on applicant need following the recommendations made by the Housing Regulator and previous Internal Audit reviews. This should reduce the perceived unfairness with the allocations policy going forward.

In relation to the specific allegations our findings were as follows:

- we did not find any evidence on the cases reviewed that favouritism was shown, or that allocation rules were breached, where there was a family relationship between applicant and elected member or employee;
- we did not find evidence of applicants being bypassed deliberately where they had lodged complaints;
- although employees are aware that they should not personally be involved with Allocations where there is a personal link to the applicant, and there is a policy to this effect, testing did identify some limitations with the current policy which need to be addressed and the policy re-published;
- there is a need to improve segregations over homeless assessments;
- the current method of assessing which individual will be allocated a particular property, and those that will be bypassed, is very labour intensive and open to error and the audit trail over the decision making process needs to be improved;
- various working practices within Allocations need to be formalised into written policies for the avoidance of doubt over the allocation process; and
- a small number of policy failures were identified and these have been highlighted to the Allocations Group Leader for staff training purposes.

In one case reviewed an applicant did lose out on the offer of a house because there was a delay in updating a change of address. In addition, for the same applicant, we could not find evidence that they had requested the deletion of a number of areas of choice and this may have again impacted on the speed that housing was offered.

We have recommended that the Allocations and Homeless Manager review this case and respond directly to the applicant.

We have suggested a number of management actions to strengthen controls over the allocation of social housing going forward.

## MANAGEMENT ACTION PLAN

### High Risk

#### Guidance on allocations to current or former elected members, housing staff and their families.

A guide was produced in January 2010 which details responsibilities where allocations are made to current or former elected members, housing unit staff and their families. The following weaknesses were noted with this policy:

- the current publication is described as a guide rather than a mandatory policy;
- the guide does not encompass all housing staff but rather focuses upon Allocations;
- the policy does not detail the penalties for failing to declare a relationship;
- the policy does not extend to personal friends but is limited to family relationship;
- the policy does not require staff to declare where they have identified a relationship when working a case where this has not already been flagged on the application; and
- there is no prohibition on processing linked cases where the outcome may impact on the case where there is a relationship.

No	Recommendation	Priority	Manager	Target Date
1	Management should review the current staff guidance on allocations to current and former elected members and housing unit staff and their families and update where appropriate following agreement of Human Resources.	High	Head of Housing and Community Safety	31/01/13

#### Application for Housing / Mutual Exchange Application

The current mutual exchange application form does not have a section to highlight any relationship of the applicant to a Council employee or elected member and thus there is an increased risk that such relationships are not flagged to senior management for processing and authorisation.

In addition it was noted that the current Application for Housing Form could be clearer in relation to the expectations on the applicant to declare links to staff and elected members.

No	Recommendation	Priority	Manager	Target Date
2	Management should revise the current Mutual Exchange Application form to include a declaration of any link to Council staff or elected members.	High	Head of Housing and Community Safety	31/01/13
3	The current housing application form should define that "Family employed by Midlothian" Council includes any relation (not just those directly involved in the move) and consider adding friends to the list requiring declaration.	High	Head of Housing and Community Safety	31/01/13

### Segregations

Within the Allocations Team there is segregation over the awarding of need points and the physical allocation. There is however no such segregation within the Homeless team who determines whether an individual is homeless and therefore entitled to homeless points.

There is increased risk therefore that points will not be awarded as per policy and that personal interest may not be identified and managed.

No	Recommendation	Priority	Manager	Target Date
4	<p>Management needs to review the need to introduce a segregation over the process of allocating homeless points in line with the controls established within Allocations (i.e. each allocation is signed off by a second senior member of staff).</p> <p><b>Management Comment</b> Management have introduced a 10% sample from September 2012 and believe that this introduces sufficient control.</p>	High	Head of Housing and Community Safety	Complete

### Selection of applicant

As part of the Allocations process employees must run lists from Academy which show the ranking of applicants in terms of the available points and then review these lists to determine if any should be bypassed because of arrears, house condition, further enquiries etc.

A review of this process identified the following concerns:

- the process is labour intensive and therefore wasteful of resource and prone to error;

- it is not always clear why applicants have been bypassed from the available audit trail. Codes are applied (for example further enquiries, but no notes are updated to confirm what the further enquiries are);
- although each allocation is signed off by a second member of staff there are no guides / polices on whether this individual is required to verify by pass codes in a sample of cases (or in total);
- although there is a summary sheet which records signatures on who has worked cases there is no explicit signature required on the points ranking sheets to identify the individual who has selected the applicant for the property and the second member of Allocations who has signed to verify this allocation; and
- if Allocations staff wished to bypass a case inappropriately they could code the case as cancelled or suspended which would remove it from the application short list and then recover the case once the allocation had been completed. There would be an audit trail of this retained on the system, however these are not routinely monitored and the current audit trail lacks detail of why a case may have been cancelled or suspended.

No	Recommendation	Priority	Manager	Target Date
5	<p>Management needs to:</p> <ul style="list-style-type: none"> <li>• either contact the software provider, build software internally or look for alternative software suppliers to allow more efficient and secure ways of selecting applicants for available houses (for example by placing permanent markers on cases to be bypassed with specified time limits or review dates) with the ability to update or remove a bypass being under dual control to provide segregation;</li> </ul>	High	Head of Housing and Community Safety	31/10/13
6	<p>In the interim:</p> <ul style="list-style-type: none"> <li>• record full reasons for rejection within the audit trail within Academy for ease of reference (and reasons for</li> </ul>	High	Head of Housing and Community Safety	31/12/12

No	Recommendation	Priority	Manager	Target Date
7	removal); <ul style="list-style-type: none"> <li>require those charged with selecting the relevant applicant to sign off (and print names) on application shortlists and appendix 2 summaries as evidence for the reason for bypass and evidence of independent review; and</li> </ul>	High	Head of Housing and Community Safety	31/12/12
8	<ul style="list-style-type: none"> <li>provide guides for reviewing managers and staff on the expectations on the level of review required (e.g. validation of a sample of applicants by passed / adequacy of audit trail) before signing off the allocation.</li> </ul>	High	Head of Housing and Community Safety	31/12/12
9	Management should use exception reports to identify cases which are cancelled or suspended and then re-activated in a short space of time for management review.	High	Head of Housing and Community Safety	31/01/13

## **Medium Risk**

### Polices and procedures

A number of working practices within Allocations need to be formulated into clear policies and procedures and some existing polices reviewed:

- Allocations staff will bypass an applicant where an arrears check has identified arrears and will not repeat a referral for one year unless the applicant notifies the Council of action taken to reduce;
- Allocations staff will bypass an applicant where a pre-property inspection has highlighted condition issues and will not reassess for a six month period unless the applicant notifies the Council of action taken to address the issues;

- the current allocation policy does not make it explicitly clear that homeless applicants do not have a choice of properties (other than areas); and
- those authorised to sign off pointing sheets and allocation checklists are not documented.

In addition, an existing policy requires copies of child benefit statements to be provided where the applicant is the principal carer. This is something that is not currently requested by the Allocations Team and instead they request birth certificates.

No	Recommendation	Priority	Manager	Target Date
10	<p>Polices and procedures should be documented for Allocations staff to include those areas noted above and provide clarification over the need for child benefit statement.</p> <p><u>Management Comment</u> The new Allocations Policy will address these issues.</p>	Medium	Head of Housing and Community Safety	31/05/13

#### Transactional processing errors

A small number of processing errors were identified from the samples selected by Internal Audit. This included bypass errors, failing to check an applicant's arrears position with a private landlord, points error, not seeking proof of the number of days that children are resident, an application which was not referred for medical assessment, scanning evidence to the wrong account, inaccurate reporting to applicants, a delay in updating new address details, insufficient audit trail to demonstrate removal of areas of choice and failure to recover a re-chargeable expense. This latter issue has been addressed in a recent Internal Audit Report with the issues agreed.

No	Recommendation	Priority	Manager	Target Date
11	Staff training be provided on the errors identified and quality assurance checking should target these types of errors to identify further instances and the need for any additional training.	Medium	Head of Housing and Community Safety	31/12/12