

**Internal Audit Service****Internal Audit Report
Executive Summary****CONFIDENTIAL**

To: Head of Housing Services
Subject: Housing Rents
Report ref: IAR0607-13
Date: 20th April 2007

1 Introduction

- 1.1 The attached report sets out the findings and recommendations arising from a recent review of the system for collecting and accounting for Housing Rents at Gedling Borough Council.
- 1.2 Estimated income from rents for the 2006/07 financial year was approximately £8.3m.

2 Objectives and scope of the audit**2.1 Objectives**

The objectives of the audit were:-

- to document the systems and evaluate the controls in operation to ascertain their adequacy and effectiveness; and
- to test transactions for compliance with documented procedures and controls.

2.2 Scope

The following control objectives were examined during the audit:

- all properties are identified and accurately recorded in the rent accounting system;
- gross rent and other charges are correctly calculated for each property and recorded in the tenants' rent accounts;
- rent collections are undertaken promptly and securely;
- rent collected is correctly and promptly credited to tenants' rent accounts;
- voids, benefits, write-offs and allowances are correctly calculated, approved and recorded;
- arrears are reported and followed up promptly;
- expected output and management information is produced, appears reasonable and is distributed on time with confidentiality being maintained; and
- management trails exist and appropriate back-up copies of files are taken and held securely.

- 2.3 The recommendations agreed at the end of the previous audit report (relating to the 2005/6 financial year) were followed up to determine whether they have been fully implemented.

3 Main Findings

- 3.1 The system for approval of tenant's right to buy was examined and found to be basically sound except that the Head of Legal Services had not authorised all the "right to buy" notices.

- 3.2 The production of comprehensive written procedures reported as being on going in the previous report was confirmed as having been implemented.
- 3.3 Effective procedures are in place for the calculation of gross rent due and for the prompt and accurate accounting for amounts collected
- 3.4 There is no control over rent strips as old stock is still being used which is not sequentially numbered and therefore not fully controllable
- 3.5 It was reported to the auditor that there has been no write-off from the suspense account since the current system was initiated in 2002
- 3.6 There has been no recent return from Housing benefits section of the weekly Reconciliation report prepared by Housing Rents Section

4 Audit opinion

- 4.1 In our opinion, the arrangements for control of the Authority's Housing Rents system are satisfactory. Where we have identified weaknesses, recommendations have been made to bring your financial controls up to the standard required by Financial Regulations.
- 4.2 Internal Audit can provide **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed.

Audit conducted by:
Roger Tagg
Auditor

Audit supervised by:
Roger Smith, ACMA
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