

AUDIT REPORT 19'009

HOUSING RENTS

EXECUTIVE SUMMARY

The annual audit plan provided for an audit review to be undertaken of the arrangements for accounting for Housing Rents income. The review forms part of the yearly audit coverage of core systems. With council housing rents within Moray raising £18.7 million per annum, in respect of approximately 6,000 properties, it is essential that robust controls are in place over rents administration and accounting.

The audit scope was to review the key controls in operation within the service with regard to rent determinations, maintenance of tenant accounts, rent collection and accounting arrangements. The aim of the audit was to look at the controls and processes existing over the administration of rent accounts in relation to the processing of annual rent reviews and property rent adjustments within year and accounting fully and promptly for monies collected by a number of methods and from a range of sources. The links and interfaces between the rents system and the main financial management system have also been studied.

The review has covered the systems in place within the current 2018/19 financial year to date, with reference made to the full 17/18 year where applicable. The systems and processes are complex however extensive audit testing has confirmed the application of sound controls and robust administrative practices. It is of note also that improvements have been made in the segregation of roles and responsibilities within the Housing Rents team since the last audit in this area. The level of internal control already evident in the systems examined has limited audit observations to the following points:-

- Occasionally notifications of required rent adjustments from Area Housing Offices have been by e-mail rather than by use of the standard notification form, which makes it more difficult to maintain a sound audit trail in support of any amendments;
- A relatively small variance of just under £10,000 has been reported in the year end reconciliation between the financial data on the Housing Rents System and the Council's Financial Management System. Although not significant given the value of rents administered, the variance remains unexplained at present and requires further investigation.

Moray Council

Internal Audit Section

Recommendations – Housing Rents

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Adjustments to rent accounts are supported, accurate and notified promptly to the tenant.						
5.01	The Rent Account Adjustment Request Form should be completed in support of all relevant rent adjustments to provide a clear record of the authorisation and a consistent audit trail.	Low	Implemented	All authorising officers have been emailed a link to the pro-forma and advised to use this for each adjustment request they sent to Rents Admin. These will be routinely saved by team members for future reference.	Rents Officer	

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Housing Rents system transactions are reconciled on a regular basis to source documentation and to the Council's financial ledger content to ensure all monies have been properly accounted for.						
5.02	Work on identifying the cause for the imbalance in housing rents financial ledger accounting at year-end should continue to ensure this position does not persist within the current financial year.	Medium	Yes	A joint exercise will be carried out between Accountancy and Housing Rents to resolve the reconciliation issues.	Principal Accountant & Rents Officer	31/03/2019