

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Development & Regeneration Services – Private Landlord Registration Unit

1. Introduction

1.1 As part of the agreed Internal Audit plan we have carried out a review of the Private Landlord Registration Unit (PLRU) within Development and Regeneration Services (DRS).

1.2 The PLRU have responsibility for ensuring that landlords and their properties are registered. There are over 40,000 landlords registered in Glasgow and they own and let over 53,500 properties in the City. Prior to February 2018, some elements of the private landlord registration process were within the responsibility of Financial Services Customer and Business Services (CBS). In February 2018, a decision was made to transfer responsibility for private landlord registration (with the exception of administration) to the PLRU within DRS. This change took effect in August 2018 following the recruitment of staff to the PLRU.

1.3 The scope of the audit was to ensure there were sufficient and appropriate controls in place covering the private landlord registration process. The scope of the audit included a review of:

- the organisational structure in place for the PLRU;
- the arrangements for processing new applications and renewals;
- the arrangements in place to identify and follow up expired PLRU registrations;

- the arrangements in place for the review and update of rent penalty notices (RPNs);
- the arrangements in place for the identification, review and reporting of complaints in relation to the PLRU.

2. Audit Opinion

2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and five recommendations which management should address.

3. Main Findings

3.1 We have identified that some of the key process controls are in place and operating effectively. A new organisational structure has been adopted by the PLRU in line with the findings identified through a workforce review. For a sample of cases reviewed where a late registration fee had been levied, the fee charged was in line with the Scottish Government fee rates in place.

3.2 However, our audit testing found that there are some areas of non-compliance and opportunities for improvement. We found that formal arrangements are not in place for monitoring and reporting on the performance of the PLRU. We also identified that the removal of late registration fees and RPNs from landlord accounts were not subject to an appropriate

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Development & Regeneration Services – Private Landlord Registration Unit

level of review and authorisation and that the reason for their removal was not sufficiently documented. Through our sample testing, we identified two cases where sufficient checks had not been undertaken on the landlord's account prior to the approval of a new application to ensure that duplicate accounts were not created for the same property. We also found that appropriate arrangements were not in place for the PLRU to gain assurance that all landlords were appropriately notified that their registration was about to expire in line with the procedural guidance in place.

3.3 We found that the PLRU were continuing to work through a backlog of 2,530 expired applications that are awaiting action (936 from before February 2018, 86 for the period February to August 2018 and 1,508 from August 2018 to February 2019) and that these had all now been allocated to a member of the PLRU team for review and action. However, although the current level of backlog has reduced slightly over the last two years, arrangements put in place by CBS to formally monitor and report on the level of backlog were not adopted by DRS when responsibility for the service transferred over to DRS in August 2018.

3.4 An action plan is provided at section four outlining our observations, risks and recommendations. We have made five recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	4
Low	Lower level controls absent, not being operated as designed or could be improved.	1

3.5 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.6 We would like to thank officers involved in this audit for their cooperation and assistance.

3.7 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Development & Regeneration Services – Private Landlord Registration Unit

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: New applications and renewals are handled effectively				
1	<p>We found that the PLRU were continuing to work through a back log of 2,530 expired applications that are awaiting action (approximately 6% of the total registered landlords in the city) and that these had all now been allocated to a member of the team for review and action. However, although the current level of backlog has reduced slightly over the past two years, arrangements put in place by CBS to formally monitor and report on the level of backlog were not adopted by DRS when responsibility for the service transferred over to them in February 2018.</p> <p>This increases the risk that arrangements in place to address the backlog of cases are not effective and that cases are not being handled in a timely manner.</p>	<p>DRS Management should review the current arrangements in place to monitor and report on the current level of backlog cases to ensure that these are being addressed effectively and in a timely manner.</p>	<p>Medium</p>	<p>Response: Accepted</p> <p>All expired cases have now been allocated to staff to investigate. Those due for expiry in the future are also being allocated to staff proactively.</p> <p>Monthly reports will be prepared to check progress against this work-stream and to identify appropriate steps required to deal with the backlog. These will be reported under the KPIs at Point 2 below.</p> <p>It is noteworthy that despite efforts of the service some landlords may not comply with requests. Some may also remain non-compliant despite enforcement action being taken against them. Such cases can only be fully progressed where the tenant provides cooperation and statements regarding their tenure and such evidence can be difficult to obtain. As such some cases may remain in the backlog despite the</p>

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Development & Regeneration Services – Private Landlord Registration Unit

				efforts of the service. Officer Responsible for Implementation: Enforcement / Compliance Officer Timescale for Implementation: 1 May 2019
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GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Development & Regeneration Services – Private Landlord Registration Unit

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Key Control: New applications and renewals are handled effectively				
2	<p>We noted that the PLRU have established one internal KPI. This is that they comply with the statutory requirement to complete a decision on a new application case within 12 months of the application being received. However, we found that there are no formal monitoring or reporting arrangements in place to show whether this KPI is being achieved.</p> <p>The arrangements in place increase the risk that appropriate performance scrutiny is not in place for the PLRU.</p>	<p>DRS Management should review and update the current arrangements in place to monitor and report the performance of the PLRU. As part of this process, consideration should be given to the identification of further KPIs which may improve the performance scrutiny arrangements in place.</p>	<p>Medium</p>	<p>Response: Accepted</p> <p>Additional performance measures have been prepared and implemented and are now being used to monitor team performance and identify any areas where improvement can be pursued.</p> <p>Officer Responsible for Implementation:</p> <p>Enforcement / Compliance Officer</p> <p>Timescale for Implementation:</p> <p>1 May 2019</p>

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Development & Regeneration Services – Private Landlord Registration Unit

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Key Control: New applications and renewals are handled effectively				
3	<p>We found that the £110 late registration fee levied against a landlord's account may be removed by the PLRU in certain circumstances.</p> <p>However, we found that late registration fees can be removed without being subject to any secondary officer check or validation and the landlord registration system does not require the fee removal to be authorised before being processed against a landlord account. This was evidenced through the sample testing that was undertaken.</p> <p>We identified one case where the late registration fee had to be waived as a result of a new application being processed in error for the landlord whilst the late registration fee was in force. We found one further case where the late registration fee had been waived in error by the PLRU. Through our sample testing, we also found that the reason for the fee removal had not been sufficiently documented on the landlord registration system in all five cases reviewed.</p>	<p>DRS management should review the current process for the removal of late registration fees to ensure that these are subject to the appropriate level of review and authorisation, and that the reason for the removal is documented.</p> <p>Staff should be reminded that checks should be carried out on new applications to ensure that a new application is not approved for cases where a late registration fee is in place for that landlord.</p>	Medium	<p>Response: Accepted</p> <p>Measures will be put in place to have staff validate colleagues' removal of a Late Application Fee and formally record this on the client account or case running log as appropriate.</p> <p>Checks will be undertaken to cross reference New Applications with those which have expired to prevent duplicate accounts being created and the Late Application Fee being avoided. A procedural note on this has been prepared.</p> <p>The online system is capable of identifying duplicate accounts however the functionality has never been developed.</p> <p>Officer Responsible for Implementation:</p> <p>Principal Officer</p>

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Development & Regeneration Services – Private Landlord Registration Unit

	This increases the risk of fees being waived without merit and appropriate authorisation.			Timescale for Implementation: 1 May 2019
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GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Development & Regeneration Services – Private Landlord Registration Unit

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Key Control: Arrangements are in place to ensure that the Council are able to identify all landlords whose registration has expired				
4	<p>RPNs will be reviewed by the PLRU on a case by case basis as part of the case review process in order to identify whether the RPN should remain against a landlord account.</p> <p>We found that the landlord registration system in place does not prevent a new application being submitted by a landlord where the landlord has an active RPN in place and through our sample testing, we identified one case where a new application had been approved for a landlord who had an active RPN in place.</p> <p>We also found that an RPN can be removed from a landlord account without being subject to any secondary officer check or validation and the landlord registration system does not require the RPN removal to be authorised before being processed against a landlord account. This was also found in the sample testing that was undertaken.</p> <p>This increases the risk that RPNs are not subject to the appropriate level of review</p>	<p>DRS management should review the current process for the removal of RPNs to ensure that these are subject to an appropriate level of review and authorisation.</p> <p>Staff should be reminded that checks should be carried out on new applications to ensure that a new application is not approved for cases where a live RPN is in place for the landlord.</p>	Medium	<p>Response: Accepted</p> <p>Current records held in respect of Rent Penalty Notices will continue to be maintained.</p> <p>Measures will be put in place for staff who will validate colleagues' removal of Rent Penalty Notices and formally record this on the client account or running log as appropriate.</p> <p>Checks will be undertaken to identify duplicate accounts as a local safeguard. A procedural note for this has been prepared.</p> <p>The online system is capable of identifying duplicate accounts or properties however the functionality has never been developed.</p> <p>We will formally contact the Scottish Government with regards to improving system functionality.</p> <p>Officer Responsible for</p>

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Development & Regeneration Services – Private Landlord Registration Unit

	or scrutiny to provide assurance on the validity of RPNs in place.			Implementation: Principal Officer Timescale for Implementation: 1 May 2019
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GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Development & Regeneration Services – Private Landlord Registration Unit

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Key Control: Arrangements are in place to ensure that the Council are able to identify all landlords whose registration has expired				
5	<p>Procedural guidance states that all private landlords are sent two reminders to inform them of impending registration expiry. These reminders will automatically be sent out by the PLRU system in line with timescales required. However, where no email address is held on the landlord registration system postal reminders are sent by CBS. However, DRS do not receive any confirmation that this has been completed as required and, through our sample testing, we found one case where a late registration fee had been waived as the PLRU were unable to verify that a postal reminder had been sent.</p> <p>This increases the risk that there is not a sufficient audit trail to evidence that the proper process has been followed.</p>	<p>DRS Management should liaise with CBS Management to discuss options available to provide assurance that appropriate reminders have been sent to landlords where no email address is available.</p>	<p>Low</p>	<p>Response: Accepted</p> <p>Measures have been identified and are now in place to ensure an audit trail is available to DRS Staff. Monthly (or other suitable time period) checks will be undertaken to reconcile records to ensure scheduled reminders are being sent by post. The outcome of this work will be recorded on the KPI Spreadsheet.</p> <p>Officer Responsible for Implementation:</p> <p>Enforcement / Compliance Officer</p> <p>Timescale for Implementation:</p> <p>1 May 2019</p>