

Tenant Management Organisations (TMOs)

Background

There are three Tenant Management Organisations (TMOs) in operation within Havering, they provide management services to relevant estates (Betra, Delta, Petra). The management of the estates should be carried out in accordance with Modular Management Agreements (MMA) between each TMO and Havering.

The MMAs were redrafted and resigned in March 2022 for all three TMOs; to reflect any updates to the requirements, and responsibilities, of the TMO.

Each TMO is provided funding from Havering to manage the estates for which they are responsible, with the level of funding determined by the cost of Havering to deliver the service(s) calculated per property, multiplied by the number of council properties within the estates.

The TMOs invoice Havering on a quarterly basis before the funding is paid. Across the three TMOs there are 637 properties, with the funding allocation totalling £663.4k. This is broken down below:

TMO	Properties	Funding Allocation (24/25)
Betra	215	£237,387.28
Delta	276	£257,450.63
Petra	146	£168,573.31

Assurance Opinion - Limited

Due to the lack of available information during the audit there are fundamental weaknesses in the internal control environment within the areas reviewed, and further action is required to manage risks to an acceptable level.

Finding	Recommendations
High No agreed Business Plans were in place within any of the TMOs	Develop and implement a strategic business plan, aligning with council objectives and MMAs.
High Non-compliance with the MMA and the Councils policies and procedures	Conduct training sessions for estate managers and board members on MMA obligations and council policies. Regular compliance checks to be implemented.
High A lack of awareness of the responsibilities among the Estate Managers.	Create a clear responsibilities framework and ensure estate managers receive training and guidance materials.

Finding	Recommendations
High Late payment of invoices by the Council to the TMO.	Review and streamline invoice processing. Implement automated reminders for overdue payments.
High Lack of documents relating to financial management and controls, recruitment, staffing and governance	Implement a document retention policy and centralised digital filing system. Conduct periodic audits to ensure compliance.
High Lack of appropriate TMO banking arrangements for procurement activities.	Ensure TMOs have dedicated procurement accounts with proper controls in place.
High Financial limits set within MMA are not fit for purpose	Review and update financial limits in consultation with the council.
High No documentation to show quotes have been obtained for works exceeding £2,000	Establish a procurement process requiring a minimum of three quotes for works above £2,000.
High Lack of understanding of responsibilities for repairs and maintenance which in the event of an insurance claim the Council would ultimately be responsible for any financial costs incurred	Provide clear guidance on repair and maintenance responsibilities and ensure TMOs follow insurance claim protocols.
High Quotes were not obtained before entering in to a contract with a supplier.	Implement a procurement policy mandating competitive quotes before contract approvals.
High Monthly records for purchase card expenditure were not able to be reconciled accurately to spend incurred.	Introduce a structured reconciliation process, ensuring purchase card spend is accurately tracked.
High A lack of documentation retained on file to evidence the appropriate approval process had been followed for purchases.	Require approval forms and supporting documentation for all purchases above a set threshold.
High Lack of documentation retained securely in relation to spend using the Metro Bank debit card.	Introduce a structured reconciliation process, ensuring purchase card spend is accurately tracked.
High Contracts are not in place for services that have been procured on an ongoing basis.	Conduct a contract review and ensure written agreements are in place for all ongoing services.
High The TMO have multiple inaccessible accounts, as the signatories are no longer available.	Implement and remove signatories that are no longer living on the Petra Estate. Review the multiple accounts and confirm some new signatories. Implement or show a procedure for signatories at the Petra TMO.

Finding	Recommendations
High The Estate Manager is using their own personal funds to subsidise the TMOs ongoing costs.	Implement a formal financial policy that explicitly stated that personal funds should not be used for TMO expenses. Ensure all staff and board members are aware of this policy through training and written guidelines. Implement strict budget controls, implement an emergency fund. Ensure all expenses are made directly from the TMO'S official bank account using corporate debit/credit cards for approved purchase orders. Ensure the TMO board actively monitor financial transactions, regular audits accounts and provide regular financial reporting to board to ensured transparency.
High It is unclear as to whether the TMO has long term financial viability due a complete lack of financial and budget documentation being prepared and maintained.	Establish proper financial governance, develop a formal financial management policy outline budgeting, spending and reporting procedure. Train staff & Board members on handling finances. Implement regular budget reviews, maintain clear documentation (ensure all financial transactions are recorded. Invoices files and receipts kept. Improve transparency by sharing financial updates with board members.
Medium No declaration of interests for board members and staff.	Implement a mandatory declaration of interest register, updated annually.
Medium Lack of controls around the management of petty cash transactions and reimbursements	Introduce petty cash policies, logbooks, and periodic reconciliations.
Medium Board meeting minutes not adequately completed and maintained on file	Implement a standardised template for meeting minutes