

Compliance Audit Report – 2022/23

43UM – Woking Borough Council

Final Grade	Red - Serious failure to meet requirements
Independent Auditor Organisation	TIAA Ltd
Independent Auditor Name	Peter Harrison

Report Purpose and Objectives

The purpose of the Compliance Audit report is to confirm that grant recipients have met Homes England's funding conditions and contractual requirements and have properly exercised their responsibilities as set out in the Capital Funding Guide.

We use the audit findings (which are confidential between Homes England and the grant recipient) to inform our future investment decisions and to reassure the Homes England Chief Accounting Officer that public funds have been properly used.

Where findings have been determined as breaches they are then used as the basis for recommendations and final grades for Providers. Grades of green, amber or red are awarded; definitions are provided at the end of this report. Where applicable the Provider is to use the recommendations to prevent similar breaches from reoccurring in the future and to aid good governance for complying with Homes England's policies, procedures and funding conditions.

Information about the audit process and guidance is available at:
<https://www.gov.uk/guidance/compliance-audit>

Compliance Audit Grade and Judgement Summary

Final Grade	Red - Serious failure to meet requirements
Judgement Summary	On review of the evidence provided, the outcome of the audit has shown the provider has failed to comply with some programme requirements and there is a risk of misapplication of public funds. A RED grade has been assigned. The audit has identified three high, and one low breach. The breaches relate to the acquisition grant payment was claimed prior to sufficient evidence of good title over development land or defective title indemnity insurance being in place. Secure legal interest in the name of the grant recipient was not obtained prior to start on site grant claim. The Grant recipient did not have a building regulations sign-off completion certificate before claiming Practical Completion grant. The scheme/site data held on the scheme file does not match the data entered and approved in IMS as rents shown differ. We wish to emphasise that implementing appropriate systems and procedures



	to meet Homes England contractual requirements and funding conditions is essential to ensure there is no future risk of misapplication of public funds. The provider is responsible for ensuring remedial action is taken in accordance with the recommendations listed in the Compliance Audit system to ensure further breaches of this nature do not reoccur in the future and Capital Funding Guide requirements are met.
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Scheme/Completions details

Scheme ID/ Completion ID	Address/Site ID	Scheme type
1001703	Hale End Court Flats 24-48, GU22 9LN	Rent

Audit Results

Number of Schemes/Completions Audited	1
Number of Breaches Assigned	4
Number of High Severity Breaches	3
Number of Medium Severity Breaches	0
Number of Low Severity Breaches	1

Details of Breaches by Scheme/Completion

Where there are breaches identified, remedial action must be taken in accordance with recommendations listed in the Compliance Audit Module to mitigate the potential for re-occurrence.

Breach 1

Scheme/Completion ID	1001703
Address/Site ID	Hale End Court Flats 24-48, GU22 9LN



Breach severity	High
Breach description	<p>Grant recipient had not met one or more of the following conditions at the point Start on Site grant payment claimed:</p> <ul style="list-style-type: none">• A works contract signed and/or dated by all parties• Contractual possession passed to contractor• Secure legal interest (e.g. no proof of ownership/lease/building under licence)• Start on Site works were commenced according to CFG definition
Breach comment	<p>The start on site grant payment was claimed in advance of need. Secure legal interest in the name of the grant recipient was not obtained prior to start on site grant claim. A proportion of the land was acquired in Thameswey Housing Limited's name and although Thameswey is owned and controlled by the provider, in order to comply with the CFG this land should have been transferred into their name prior to claiming grant.</p>
Recommendation	<p>We note the provider's comment that action is being taken to transfer the land into the ownership of the provider. Please ensure the revised processes have added the necessary steps to prevent similar issues reoccurring in the future and that they meet the Capital Funding Guide requirements and funding conditions.</p>

Breach 2

Scheme/Completion ID	1001703
Address/Site ID	Hale End Court Flats 24-48, GU22 9LN
Breach severity	High
Breach description	Acquisition / Start on Site recorded on IMS prior to sufficient evidence of good title over development land or defective title indemnity insurance being in place.
Breach comment	The first grant payment was claimed in advance of need. There is no evidence of good title over the whole of the development land or no defective title indemnity insurance in place. A proportion of the land was acquired in Thamesway Housing Limited's name and although Thamesway is owned and controlled by the provider, in order to comply with the CFG this land should have been transferred into their name prior to claiming grant.
Recommendation	We note the provider's comment that action is being taken to transfer the land into the ownership of the provider. Please ensure the revised processes have added the necessary steps to prevent similar issues reoccurring in the future and that they meet the Capital Funding Guide requirements and funding conditions.

Breach 3

Scheme/Completion ID	1001703
Address/Site ID	Hale End Court Flats 24-48, GU22 9LN
Breach severity	Low
Breach description	Incorrect IMS data has been entered but there are no value for money implications. Examples might include typographical errors, or a failure to update the system with revised information
Breach comment	The scheme/site data held on the scheme file does not match the data entered and approved in IMS. There are no value for money implications. Rents shown in IMS for the 25 properties at the time of audit was £2676.28 per week actual rents were £214.99 lower at £2461.29. Data should be kept up to date and accurate at all stages of the development.
Recommendation	We note the provider's comment that revised processes are now in place. Please ensure these revised processes have added the necessary steps to prevent similar issues reoccurring in the future and that these revised processes meet the Capital Funding Guide requirements and funding conditions. The provider is also expected to revise and correct the identified issue in all current grant funded developments.

Breach 4

Scheme/Completion ID	1001703
Address/Site ID	Hale End Court Flats 24-48, GU22 9LN
Breach severity	High
Breach description	<p>Grant recipient had not met one or more of the following conditions before claiming Practical Completion grant:</p> <ul style="list-style-type: none"> • Building regulations approval • Building regulations sign-off completion certificate • House builder warranty (National House Building Council or equivalent) final certificate
Breach comment	<p>The practical completion grant payment was claimed in advance of need. The building regulations sign-off completion certificate was obtained on the 8th November 2021. The Practical Completion grant claim was made on the 20th October 2021.</p>
Recommendation	<p>The Provider should review their processes and add the necessary steps to prevent similar issues reoccurring in the future. Please ensure the revised process meets the Capital Funding Guide requirements and funding conditions. The provider is also expected to revise and correct the identified issue in all current grant funded developments.</p>

Provider's Acknowledgement of Report

The contents of this report including all recommendations must be acknowledged by your Board's Chair or equivalent. Confirmation of this acknowledgement must be recorded in the IMS Compliance Audit System by your Compliance Audit Lead no later **than three calendar months** of the report email notification being sent.

Report acknowledged by:

Date:

Confidentiality

The information contained within this report has been compiled purely to assist Homes England in its statutory duty relating to the payment of grant to the Provider. Homes England accepts no liability for the accuracy or completeness of any information contained within this report. This report is confidential between Homes England and the Provider and no third party can place any reliance upon it.

Compliance Audit Grade Definitions

Green Grade	No high or medium severity breaches identified, although there may be low breaches identified. The Homes England audit report shows that the provider has a satisfactory overall performance but may identify areas where minor improvements are required.
Amber Grade	One or more medium severity breaches identified. The Homes England audit report will shows that the provider has failed to meet some requirements but has not misapplied public money. The provider will be expected to correct identified problem(s) in future schemes and current developments.
Red Grade	One or more high level severity breaches identified, the Homes England audit report shows that the provider has failed to meet some requirements and there has been a risk of misapplication of public funds.