



## **Addendum**

### **Audit Committee**

Date: **Monday, 28th November, 2022**

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Time: **7.00 pm**

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Venue: **Committee Room, Council Offices, Urban Road,  
Kirkby-in-Ashfield**

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For any further information please contact:

**Lynn Cain**

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If you require an adjustment to enable you to participate or access the meeting, please contact the Democratic Services team at least 48 hours before the meeting.

## **ADDITIONAL PAPERS**

**Page**

**13. Urgent Item of Business: Homes England Compliance Audit Report 2022/23.**

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In accordance with Council Procedure Rule 5 (Urgent Items), the Chairman has decided to accept the attached report as an urgent item of business to ensure the content of the report and the recommendations are duly acknowledged as soon as practicable.

Members are therefore requested to consider the attached Homes England Compliance Audit Report.

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# Compliance Audit Report – 2022/23

## 37UB – Ashfield District Council

<b>Final Grade</b>	Green - Meets requirements
<b>Independent Auditor Organisation</b>	Central Midlands Audit
<b>Independent Auditor Name</b>	Gary Radford

### 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

<b>Final Grade</b>	Green - Meets requirements
<b>Judgement Summary</b>	On review of the evidence provided, the outcome of the audit has shown the provider has a satisfactory overall performance. A GREEN grade has been assigned. The audit has identified two high and one low breach. The high severity breaches relate to the practical completion grant payment being claimed in advance of need as, the Practical Completion certificate was not in place at time of claim and the building regulations sign-off completion certificates had not been obtained at time of claim. The low severity breach relates to a failure to account properly for scheme costs. This was one of three sites built by the same developer under one contract. Certificates were produced at the completion of all the sites involved in the contract and likewise costing was produced for all three with no breakdown of cost by individual sites. The premature drawdown of grant before all certificates are in place,



and the failure to account separately for all schemes was an issue uncovered during the 20/21 audit and it has been noted that the provider was unable to fix the issues retrospectively. We acknowledge the provider's comment that this has now been rectified and revised processes are being put into place to prevent this reoccurring and have downgraded the audit grade from Red to Green however we intend to select the provider for audit next year to provide further assurance.

## Scheme/Completions details

Scheme ID/ Completion ID	Address/Site ID	Scheme type
1043865	Chatsworth Drive,NG17 7NT	Rent
1010929	The Poplars Com CentreCharles Street,NG17 4LG	Rent

## Audit Results

Number of Schemes/Completions Audited	2
Number of Breaches Assigned	3
Number of High Severity Breaches	2
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	1010929
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Address/Site ID	The Poplars Com Centre Charles Street, NG17 4LG
Breach severity	High
Breach description	Practical completion grant claim made prior to partial possession / practical completion as defined in the CFG.
Breach comment	The practical completion grant payment was claimed in advance of need. The practical completion certificate was issued on the 17th June 2022, 8 months after the practical completion claim was made on 25th October 2021.
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.



## Breach 2

Scheme/Completion ID	1010929
Address/Site ID	The Poplars Com Centre Charles Street, NG17 4LG
Breach severity	High
Breach description	<p>Grant recipient had not met one or more of the following conditions before recording Practical Completion on the system</p> <ul style="list-style-type: none"><li>• Building regulations approval</li><li>• Building regulations sign-off completion certificate</li><li>• House builder warranty (National House Building Council or equivalent) final certificate</li></ul>
Breach comment	<p>The practical completion grant payment was claimed in advance of need. Building regulations sign-off completion certificates had not been obtained prior to submission of practical completion grant claim. The last of the necessary building regulations certificates was issued on the 17th December 2021, 2 months after the practical completion claim was made on the 25th October 2021.</p>
Recommendation	<p>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.</p>





### Breach 3

Scheme/Completion ID	1043865
Address/Site ID	Chatsworth Drive,NG17 7NT
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 data held on the scheme file does not match the data entered and approved in IMS. There are no value for money implications. This was one of three sites built by the same developer under one contract. Invoices were produced on a contract basis and there was no breakdown of cost by site. The cost input into IMS was the original estimated cost and there was no final cost available specifically for this site. We appreciate the providers comments in relation to cost split difficulties, yet no evidence of a case specific arrangement made with Homes England has been provided.
Recommendation	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.

### 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

<b>Green Grade</b>	No high or medium severity breaches identified, although there may be low breaches identified. The Homes England audit report shows that the provider
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	has a satisfactory overall performance but may identify areas where minor improvements are required.
<b>Amber Grade</b>	One or more medium severity breaches identified. The Homes England audit report will show 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.
<b>Red Grade</b>	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.