



Compliance Audit Report – 2021/22

37UB – Ashfield District Council

Final Grade	Red - Serious failure to meet requirements
Independent Auditor Organisation	Central Midlands Audit
Independent Auditor Name	Gary Radford

Report Objectives and Purpose

Compliance Audits check Provider compliance with Homes England's policies, procedures and funding conditions. Standardised checks are made by Independent Auditors on an agreed sample of Homes England schemes funded under affordable housing programmes. Any findings, which may be a result of checks not being applicable to the scheme or an indication of procedural deficiency, are reported by the Independent Auditor to both the Provider and Homes England concurrently. The Homes England Lead Auditor reviews the findings and records those determined to be 'breaches' in this report. Breaches are used as the basis for recommendations and final grades for Providers. Grades of green, amber or red are awarded; definitions are provided on page 2 of this document.

Further information is available at: <https://www.gov.uk/guidance/compliance-audit>.

Provider's Acknowledgement of Report

The contents of this report should be acknowledged by your Board's Chair or equivalent. Confirmation of this acknowledgement should be recorded in the IMS Compliance Audit System by your Compliance Audit Lead on behalf of your Board's Chair or equivalent. Online acknowledgement should be completed within three calendar months of the report email notification being sent.

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 will show 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 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.
Red Grade	One or more high level severity breaches identified, the Homes England audit report will show that the provider has failed to meet some requirements and there has been a risk of misapplication of public funds.

Compliance Audit Grade and Judgement

Final Grade	Red - Serious failure to meet requirements
Judgement Summary	<p>On review of the evidence provided, the outcome of the audit has shown the provider has failed to comply with some programme requirements, there is a risk of misapplication of public funds and grant has been claimed in advance of need. A RED grade has been assigned. The audit has identified one high severity breach. The breach relates to the main building contract not being signed or dated prior to start on site grant claim submission. 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. It is also vital that checks are implemented to ensure grant is not claimed until all the relevant conditions and certifications required prior to grant claim are met and obtained. 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.</p>

Scheme/Completions details

Scheme ID/ Completion ID	Address/Site ID	Scheme type
1010929	The Poplars Com Centre Charles Street, NG17 4LG	Rent



Audit Results

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

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
Address/Site ID	The Poplars Com Centre Charles Street, NG17 4LG
Breach severity	High
Breach description	14. Start on Site grant payment claimed in advance of need. This applies where, at date of Start on Site claim: a) The works contract was not signed and/or dated by all parties; b) Contractual possession was not passed to contractor; c) Secure legal interest had not been obtained (e.g. no proof of ownership/lease/building under licence); d) Start on Site works were not commenced according to CFG definition
Breach comment	The audit has identified that the start on site grant payment was claimed in advance of need. Prior to submission of start on site grant claim the main building contract had not been signed and dated by all parties. Start on site grant was claimed on 11th January 2021 and the building contract was not signed until 22nd March 2021. We understand a letter of intent was issued in its place but this does not meet the requirements of the Capital Funding Guide. We also note the comments regarding the signing of the build contract with the contractor being delayed due to issues with completing and signing the contract with Homes England. The Homes England grant agreement contract for this scheme was signed on 07th January 2021 which was before grant was claimed and before start on site had



	commenced. We also note that demolition took place prior to start on site being claimed but no evidence was provided to the Independent Auditor to support this.
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. The provider is also expected to revise and correct the identified issue in all current grant funded developments.