



# Compliance Audit Report – 2021/22

## 26UD – East Hertfordshire District Council

<b>Final Grade</b>	Red - Serious failure to meet requirements
<b>Independent Auditor Organisation</b>	SIAS - Shared Internal Audit Service
<b>Independent Auditor Name</b>	Simon Martin

### 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

<b>Green Grade</b>	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.
<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 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

<b>Final Grade</b>	Red - Serious failure to meet requirements
<b>Judgement Summary</b>	<p>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 one high and one low breach. The breaches relate to:-</p> <ul style="list-style-type: none"><li>No contract between the council and its contractor, and Building Control sign off was not available in the scheme file at the time of the Independent Auditor's review. This was provided upon request by the Independent Auditor but after the audit submission deadline.</li><li>Practical completion certificate is dated the 31 of March 21 and practical completion was submitted and completed on IMS on 30 March 21 one day before practical completion.</li></ul> <p>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.</p>

## Scheme/Completions details

Scheme ID/ Completion ID	Address/Site ID	Scheme type
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Homes  
England

1023906	East Herts Council next steps rough sleepers accommodation Roydon Road, SG12 8HA	Next Steps Accommodation - Capital
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## Audit Results

Number of Schemes/Completions Audited	1
Number of Breaches Assigned	2
Number of High Severity Breaches	1
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	1023906
Address/Site ID	East Herts Council next steps rough sleepers accommodation Roydon Road, SG12 8HA
Breach severity	Low
Breach description	3. Key document not on file: provided following request by Independent Auditor but not before audit submission deadline
Breach comment	The audit has identified that there was no contract between the council and its contractor, and Building Control sign off was not available in the scheme file at the time of the Independent Auditor's review. This was provided upon request by the Independent Auditor but after the audit submission deadline. All key documents should be available in the scheme file to meet the requirements of the Capital Funding Guide.
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.



## Breach 2

Scheme/Completion ID	1023906
Address/Site ID	East Herts Council next steps rough sleepers accommodation Roydon Road, SG12 8HA
Breach severity	High
Breach description	17. Practical Completion grant payment claimed in advance of need. This applies where the final grant claim preceded Partial Possession/Practical Completion (as defined in the CFG)
Breach comment	The audit has identified that the practical completion grant payment was claimed in advance of need. The practical completion certificate was not issued prior to submission of practical completion grant claim. Practical completion certificate is dated the 31 March 21 and practical completion was claimed on IMS 30 March 21 .
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.