



Compliance Audit Report – 2023/24

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 a high breach, a medium breach and a low breach. The high breach relates to claiming the start on site grant in advance of need, the medium breach relates to a failure to maintain an appropriate scheme file and the low breach relates to erroneous IMS data in regards to rents and cost data. 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
1064033	31 Apha RoadAlpha Road,GU22 8EL	Next Steps Accommodation - Capital

Audit Results

Number of Schemes/Completions Audited	1
Number of Breaches Assigned	3
Number of High Severity Breaches	1
Number of Medium Severity Breaches	1
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	1064033
Address/Site ID	31 Apha RoadAlpha Road,GU22 8EL
Breach severity	Medium
Breach description	1. Comprehensive scheme file (or equivalent) containing all relevant



	documents (as set out in the CFG) not provided
Breach comment	The audit has identified that a comprehensive scheme file was not maintained and did not include all required document(s). The scheme file not meet the requirements of the Capital Funding Guide.
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 2

Scheme/Completion ID	1064033
Address/Site ID	31 Apha RoadAlpha Road,GU22 8EL
Breach severity	Low
Breach description	7. 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 audit has identified that key cost data detailed in the scheme file is less than the values entered in IMS and no variation has been sought and other IMS data was recorded incorrectly. Breach raised as the provider erroneously recorded the grant amount rather than the works costs within IMS and the rental figures have been recorded incorrectly in IMS. The capital funding guide has not been met as IMS was not kept up to date and accurate when it should have been.
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.



Breach 3

Scheme/Completion ID	1064033
Address/Site ID	31 Apha RoadAlpha Road, GU22 8EL
Breach severity	High
Breach description	<p>16. 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 audit has identified that the Grant recipient had not commenced start on site works according to Capital Funding Guide definition. The provider claimed start on site on 30th March 2023 but the first evidence of any works being carried out which meet the Capital Funding Guide definition of start on site was not until an asbestos survey being carried out on 12 April 2023.</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 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 shows that the provider has failed to meet some requirements and there has been a risk of misapplication of public funds.