

## **Audit Committee**

**27 March 2024**

### **Homes England Compliance Audit Report**

Report from: Mark Breathwick, Assistant Director, Culture & Community

Author: Lisa Webb, HRA Development Manager

#### **Summary**

This report forms part of the Homes England Compliance Audit process for a relevant board/committee to have sight of the outcome and any recommendations from the audit. The Compliance Audit process is to confirm that grant recipients have met the funding conditions and contractual requirements for the Rough Sleeping Accommodation Programme (RSAP).

#### **1. Recommendation**

1.1. The Committee is asked to acknowledge the findings of the report and recommend that this is then entered onto the Homes England IMS system.

#### **2. Budget and policy framework**

2.1. This is a matter for consideration by the Audit Committee.

#### **3. Background**

3.1. This report seeks to provide an update regarding the status of a recent independent audit carried out as mandated by Homes England in connection with grant funding allocated to the Council under the RSAP scheme as attached at Appendix 1.

3.2. The Homes England Compliance Audit process requires that the outcome, any breaches, and recommendations of the audit are brought to the appropriate board/committee's attention for acknowledgement and for any actions being undertaken to address any breaches and recommendations to also be acknowledged.

3.3. The Compliance Audit Lead (Chris Giles, Housing Strategy & Partnerships Manager) must then confirm the acknowledgement onto Home England's IMS

Compliance Audit system. This must be completed within three months of receipt of the compliance report, which will be 17 April 2024.

- 3.4. The RSAP grant was a capital sum of £487,500 towards the procurement of move-on homes for rough sleepers. These homes provide short-term accommodation before rough sleepers 'move-on' to more secure tenancies having stabilised their situation. Additional revenue funding was also provided to enable the intensive housing support needed to help individuals into more secure, permanent housing.
- 3.5. Six, one-bedroom flats were acquired through the RSAP scheme, with the project led by the HRA Development Team. Four of these flats were purchased, works completed and the flats tenanted during 2022/23 and 2023/24. The remaining two flats have further works required and will be completed and tenanted in the first half of 2024/25.
- 3.6. In June 2023 officers were notified that a mandatory independent audit needed to be carried out on the project as it had been randomly selected for audit by Homes England. One of the properties acquired was selected by Homes England and the Council was given a deadline of the 20 September 2023 to supply all relevant records and information and to have a submission signed off by an independent auditor. This was completed within the deadline and submitted with the understanding that the Council would receive the result of the Homes England finding early in 2024.

#### 4. Options

- 4.1. There is not a range of options available, Medway Council is required to have the audit findings confirmed as acknowledged at the appropriate committee and then feed this back to Homes England within three months of receipt of the final compliance report.

#### 5. Advice and analysis

- 5.1. Medway Council's records and processes were audited by Lindeyer Francis Ferguson Limited and the final grade awarded is:

*Green - Meets requirements.*

- 5.2. The Judgement Summary for Medway Council is:

*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 one low level breach with no risk of misapplication of public funds. The reoccurrence of breaches of a similar nature in future years may result in a failure to meet requirements. The provider should refer to the recommendation listed in the Compliance Audit system. The recommendation will assist the provider in ensuring further breaches of this nature do not reoccur in the future.*

- 5.3. As per above, a low-level breach was identified. This was an incorrect figure entered due to human error. The breach comment is:

*The audit has identified that key cost data detailed in the scheme file is more than the values entered in IMS and no variation has been sought. The acquisition cost entered in IMS is less than the acquisition price of the property. We note the Provider notified the Homes England Programme Manager about this error and that IMS has been updated but only did so after being notified of the audit.*

- 5.4. The following recommendation has been made:

*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. We note the provider's comment that IMS has been updated.*

- 5.5. As a result of the low-level breach identified, the HRA Development Team have introduced a process where a second officer checks the data entered onto the IMS system before submission. The team have also checked all the other cases to ensure no further errors were made (which there weren't).

## 6. Risk management

- 6.1. There are no risks in acknowledging the report. There may be contractual and legal risks if the report findings are not acknowledged within the timeframe specified.

## 7. Consultation

- 7.1. As the low-level breach relates to a financial inputting error, the compliance report was shared with the Head of Revenue Accounts and Head of Internal Audit & Counter Fraud Shared Service. They advised that a check was carried out of the other cases, as the error was only picked up by the audit. As per item 6.5, this has been actioned and no further errors identified.

## 8. Climate change implications

- 8.1. No implications.

## 9. Financial implications

- 9.1. No financial implications.

## 10. Legal implications

- 10.1. Following award of the RSAP grant, Medway Council entered into a contract with Homes England and under the terms of the contract need to confirm that funding received has been utilised following the terms of the grant. The

acknowledgement of this report is consistent with meeting the terms of the contract.

## Lead officer contact

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## Appendices

Appendix 1: Homes England Compliance Audit Report.