

<b>COMPLIANCE AUDIT REPORT</b>  November 2013 v1	 <b>Homes &amp; Communities Agency</b>
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## COMPLIANCE AUDIT YEAR 2014

<b>Partnership Name</b>	Keelman Homes Limited
<b>Partnership ID</b>	12481
<b>Lead Partner Name</b>	Keelman Homes Limited
<b>Lead Partner ID</b>	4647
<b>Date of Audit Visit</b>	18 <sup>th</sup> September 2014
<b>Date HCA Report Issued</b>	
<b>Independent Auditor Name</b>	TIAA
<b>HCA Lead Auditor Name</b>	Don Keskeys
<b>List of Audited Schemes</b>	See attached scheme sample report

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<b>A</b>	<b>PARTNERSHIP OVERALL AUDIT ASSESSMENT</b>
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### **A 1 Overall audit assessment**

#### **Grade Green – meets requirements.**

Overall it is considered that the Partnership meets standards and has complied with guidance set out within the Capital Funding Guide. On the evidence available at the time of writing four (4) low level breaches have been recorded.

Low level breaches can indicate a failure to meet standards; however, in this instance, due consideration has been given to the breach incurred in the context of the overall Partnership performance and this has been reflected accordingly in the grade awarded. The recurrence of a similar breach in future years may result in a failure to meet standards (AMBER Grade).

### **A 2 Developing partner's individual assessment**

Partner name	Partner ID	Audit Type	HCA Assessment
Keelman Homes Limited	NP0255	Procedural	Grade Green – meets requirements.

<b>B</b>	<b>PROCEDURAL ASSESSMENT</b>
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### **B 1 Procedural audit summary**

#### **Number of schemes procedurally audited and number of breaches**

Two schemes have been audited; the independent auditor outlined six (6) potential deficiencies four of which have been recorded as breaches.

#### **Procedural Recommendations**

Internal procedures should be strengthened to ensure that the following actions are implemented on all future schemes in order to comply with the requirements of the Capital Funding Guide:

All relevant documentation is readily available at all future Compliance Audits.

<b>C</b>	<b>QUALITY ASSESSMENT</b>
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### **C 1 Quality audit summary**

#### **Not Applicable**

No schemes have been quality audited.

<b>D</b>	<b>HCA SIGNATURE</b>
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This report is confidential between the Homes and Communities Agency and partners within the partnership agreement.

The breaches identified in this report should be noted and accepted by the partner/s and remedial action should be taken in accordance with the recommendations within this report to ensure that there is no re-occurrence.

The information contained in this report has been compiled purely to assist the Homes and Communities Agency in its statutory duty in relation to the payment of grant to partners.

The Homes and Communities Agency accepts no liability whatsoever for the accuracy or completeness of any information contained herewith.

The assessment is confidential to the addressee and no third party can place any reliance upon it.

**Name and Position:** Don Keskeys, Design Manager

**Signature and Date:** *Don Keskeys*

<b>E</b>	<b>LEAD PARTNER'S SIGNATURE</b>
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The breaches identified in this report have been noted and accepted and remedial action will be taken in accordance with the above recommendations to ensure that there is no re-occurrence.

**Name and Position:**

**Signature and Date:**

<b>APPENDIX 1</b>	<b>PROCEDURAL BREACHES</b>
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<b>Partner Name</b>	<b>Keelman Homes Limited</b>
<b>Partner IMS ID</b>	<b>12481</b>
<b>Scheme Address</b>	<b>81 Hertford, Low Fell, Gateshead, NE9 6EG</b>
<b>Scheme IMS no.</b>	<b>83-612646</b>
<b>Breach Heading</b>	Funding Conditions
<b>Breach Type</b>	Relevant document not on file – HCA request honoured
<b>Breach Severity Measure</b>	Low
<b>Comments and Recommendations</b>	
<p>The Independent Auditor stated that <i>“the Board of Keelman Homes has not formally been asked to confirm their acceptance of funding conditions.”</i></p> <p>Keelman Homes subsequently forwarded a copy of minutes of the Board of Directors which included <i>“the acceptance of grant conditions in line with the HCA’s funding offer under the Affordable Homes Programme (in relation to both New Build and Empty Homes purchase and repair).”</i></p> <p>Procedures should be put in place to ensure that all relevant documentation is readily available at all future Compliance Audits.</p>	
<b>Scheme Address</b>	<b>81 Hertford, Low Fell, Gateshead, NE9 6EG</b>
<b>Scheme IMS no.</b>	<b>83-612646</b>
<b>Breach Heading</b>	Funding Conditions
<b>Breach Type</b>	Relevant documents not on file – HCA request honoured
<b>Breach Severity Measure</b>	Low
<p>The Independent Auditor stated that, whilst achieving full compliance with DQS on this property was unlikely due to the nature of the property and/or the costs associated with it, the RP has not formally assessed where it does not comply and demonstrated the reasons why.</p> <p>The RP subsequently forwarded correspondence which demonstrated compliance with Design and Quality Standards for Rehabilitation schemes.</p> <p>It is understood that procedures are being built into future acquisitions processes to ensure that documentation relating to DQS requirements for empty homes/rehabilitated properties are available for auditing purposes.</p>	

<b>Scheme Address</b>	<b>7 Malory Place, Gateshead, NE8 3HD</b>
<b>Scheme IMS no.</b>	<b>83-619154</b>
<b>Breach Heading</b>	Funding Conditions
<b>Breach Type</b>	Relevant document not on file – HCA request honoured
<b>Breach Severity Measure</b>	Low
<b>Comments and Recommendations</b>	
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**APPENDIX 2****QUALITY AUDIT FINDINGS**

Not applicable – no Quality Audits undertaken.

<b>APPENDIX 3</b>	<b>OBJECTIVES OF COMPLIANCE AUDIT</b>
<p>Compliance Audit visits are made to partners to check compliance with the Homes and Communities Agency's procedures and funding conditions. If you have any queries of the detail of the audit, please refer back to the HCA lead auditor who assessed the audit.</p> <p>If you wish to feedback comments on the methodology of Compliance Audit, please contact:</p> <p><i>Team Leader - Design and Sustainability Homes and Communities Agency London Corporate Office</i></p>	

<b>APPENDIX 4</b>	<b>PROCEDURAL GRADES DEFINITIONS</b>
<p><b>Grade Green - meets requirements</b> The HCA Audit Report will normally express general satisfaction with a Partner's overall performance. It may also identify areas where minor improvements are required.</p> <p><b>Grade Amber - fails to meet requirements</b> This grade is given where the Partner fails to meet requirements but no misapplication of public money has occurred. The Partner will be expected to correct the problem(s) in future schemes and current developments where possible, but the problem(s) do not prevent the scheme objectives from being fulfilled. The HCA Audit Report should set out the areas of non compliance and the remedial action required.</p> <p><b>Grade Red - serious failure to meet requirements</b> This grade is given where there is a serious failure to meet requirements. The serious failures may involve:</p> <ul style="list-style-type: none"> <li>• Misuse of public funds;</li> <li>• A scheme failing materially to meet its objectives; and/or</li> <li>• A range of failures that casts serious doubt over the Partner's competence, for example where there is an on-going trend of Grade Amber failure.</li> </ul>	

<b>APPENDIX 5</b>	<b>QUALITY MEASURES DEFINITIONS</b>
<p>Quality is reported by reference to resident satisfaction and the core performance standards for internal environment, external environment and sustainability set out in the Design and Quality Standards April 2007.</p> <p><b>Resident Satisfaction measure:</b> outcomes of the resident interviews conducted as part of the quality audit on-site assessment.</p> <p><b>Internal Environment measure:</b> Internal environments should be comfortable, convenient, capable of sensibly accommodating the necessary furniture and equipment associated with specific room activities and be suitable for the particular needs of intended user groups.</p> <p><b>External Environment measure:</b> The development of new homes should be undertaken in a manner which delivers great places to live, creates well-mixed and integrated communities and provides an appropriate balance between private and public open space.</p> <p><b>Sustainability measure:</b> New homes should be designed and constructed in a sustainable manner using products and processes that reduce environmental impact, better adapt to climate change, with lower running costs and incorporating features that enhance the health and well-being of constructors, occupiers and the wider community.</p>	