

# Compliance Audit

## 2020/21 Breach Severity List



Homes  
England

Item number	Breach type	Severity level
<b>General</b>		
1	Comprehensive scheme file containing all relevant documents (as set out in the <a href="#">CFG</a> ) not provided	MEDIUM
2	Key document not on file: requested by lead auditor but not provided	HIGH
3	Key document not on file: provided following request by Lead Auditor, but not within two weeks of request	MEDIUM
4	Key document not on file: provided within two weeks of request	LOW
5	Incorrect processing route in IMS	HIGH
6	The development costs are lower than the contractual commitment, and no variation has been agreed	MEDIUM
7	Quality standards documentation on file does not meet the requirements set out in the contract and/or bid	MEDIUM
8	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	LOW
9	Incorrect IMS data has been entered with value for money implications	MEDIUM
10	Grant payments(s) claimed in respect of units funded through a planning obligation (including section 106 agreements)	HIGH
<b>Pre-Development</b>		
11	Valid valuation (as set out in the CFG) not obtained in respect of a scheme for which it was required	HIGH

12	<b>Acquisitions</b> Valuation report not valid at exchange of contracts	MEDIUM
13	Insufficient evidence of good title over development land, and no defective title indemnity insurance in place	HIGH
<b>Development</b>		
14	Acquisition grant payment claimed in advance of need. This applies where the grant recipient did not have a freehold or long leasehold interest at the point when Acquisition grant was claimed	HIGH
15	Start on Site grant payment claimed in advance of need. This applies where, at date of Start on Site claim: <ul style="list-style-type: none"> <li>• The works contract was not signed and/or dated by all parties</li> <li>• Contractual possession was not passed to contractor</li> <li>• Secure legal interest had not been obtained (e.g. no proof of ownership/lease/building under licence)</li> <li>• Start on Site works were not commenced according to CFG definition</li> </ul>	HIGH
16	No form of building contract (or works orders for works carried out by internal Direct Labour Organisation or similar), where works sum exceeds £10K	HIGH
17	Adequate insurance arrangements to insure scheme for full cost of works not in place during development	MEDIUM
<b>Post-Development</b>		
18	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)	HIGH
19	At Practical Completion grant claim: <ul style="list-style-type: none"> <li>• There was no evidence of building regulations approval</li> <li>• There was no evidence of building regulations sign-off completion certificate</li> <li>• House builder warranty (National House Building Council or equivalent) final certificate not granted</li> </ul>	HIGH

20	Pre-commencement conditions and planning conditions precedent (except landscaping) or other specified consents have not been signed off/discharged by Practical Completion, and there is no evidence that the provider: <ul style="list-style-type: none"> <li>• has taken necessary steps to obtain them</li> <li>• is waiting only for the relevant authority to issue them and</li> <li>• is not aware of any reason why such consents will not be given or issued</li> </ul>	MEDIUM
21	Adequate insurance arrangements to insure scheme for its Full Replacement Value not in place after development	MEDIUM
22	The number of units built is lower than the contractual commitment, and no variation has been agreed	HIGH
23	The built units achieve a lower standard than that contractually agreed, and no variation has been agreed	MEDIUM
24	The occupancy levels are lower than the contractual commitment, and no variation has been agreed	MEDIUM
25	Conditions relating to management agreements have not been complied with	MEDIUM
26	<b>Affordable and Social Rent</b> The rents charged do not match the contractual commitments and/or programme requirements, and no variation has been agreed	MEDIUM
27	<b>Affordable and Social Rent</b> Rents charged do not match those in IMS	MEDIUM
<b>Sale</b>		
28	<b>Shared Ownership</b> Lease does not include all of the required fundamental clauses set out in the Shared Ownership chapter of the Capital Funding Guide	MEDIUM
29	<b>Shared Ownership</b> Adherence to applicant eligibility and/or financial assessment policies not evidenced	MEDIUM
30	<b>Shared Ownership</b> Rents not calculated according to the requirements of the CFG	MEDIUM
31	<b>Shared Ownership</b>	MEDIUM

	Rent not calculated as the relevant percentage of unsold equity set out at bid stage	
<b>Specialised Housing</b>		
32	<b>Specialised Housing</b> Additional conditions not complied with, and no waiver sought	MEDIUM
33	<b>Platform for Life and Homelessness Change</b> The contractual requirement to register a restriction on title with Land Registry, indicating a requirement to gain HCA consent to dispose, has not been met	MEDIUM
<b>Additional</b>		
34	OTHER BREACH (including other funding conditions within contract not complied with)	LOW
35	OTHER BREACH (including other funding conditions within contract not complied with)	MEDIUM
36	OTHER BREACH (including other funding conditions within contract not complied with)	HIGH
<b>VRTB</b>		
37	Relevant documents not evident on file Data not evident on internal systems	LOW
38	Systematic failure to evidence paperwork / data or adherence to procedures	MEDIUM
39	Incorrect claim made for compensation, i.e. wrong amount claimed in IMS in relation to actual discount calculated Claim for compensation made against a non-existent sale	HIGH