

Presented pursuant to Housing Act 1988, c.50, sch 8, para 9(3)

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# Grants and Loans to the Housing Action Trusts Account 2007-2008

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ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 22 JULY 2008

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# Management Commentary

## Scope of the Account

- 1 Under paragraph 9(1) of Schedule 8 to the Housing Act 1988 (the Act) the Secretary of State is required to prepare an account for each financial year showing;
  - a the sums paid by the Secretary of State to each Housing Action Trust under paragraph 3 of schedule 8 to the Act (grant-in-aid);
  - b the sums issued to and received by the Secretary of State under paragraphs 4(4) and 4(5) respectively of schedule 8 to the Act (loans from the National Loans Fund), and the disposal by her of such sums under paragraph 4(6); and
  - c the sums paid by the Secretary of State into the Consolidated Fund or the National Loans Fund under paragraph 7 of Schedule 8 to the Act (surplus funds).
- 2 This Account is prepared under paragraph 9(1) of Schedule 8 to the Act for the year 2007-2008. It has been prepared in the form and manner directed by the Treasury under paragraph 9(4) of Schedule 8 to the Act.
- 3 Housing Action Trust expenditure formed part of Request for Resources 1 in the 2007-2008 Communities and Local Government Resource Account.
- 4 In accordance with the Stonebridge Housing Action Trust (Dissolution) Order 2007 (SI 2007 No. 1862), Stonebridge Housing Action Trust was dissolved on 30 September 2007. The residual property, rights, liabilities and functions were transferred to the Commission for New Towns.

*Peter Housden*  
Accounting Officer  
Department for Communities and Local Government

16 July 2008

## Statement of Accounting Officer's responsibilities

HM Treasury has appointed the Permanent Head of the Department as the Principal Accounting Officer with responsibility for preparing this Account and for transmitting it to the Comptroller and Auditor General. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accounting Officer's Memorandum issued by the Treasury and published in Managing Public Money.

# Statement on Internal Control

## Introduction

- 1 This statement is given in respect of the Housing Act 1988 Housing Action Trusts Composite Account for the year ending 31 March 2008 and incorporates the transactions that pertain to that Account.

## Scope of responsibility

- 2 Housing Action Trusts (HATs) were Non-Departmental Public Bodies sponsored by the Department for Communities and Local Government (CLG). The HATs were paid grant-in-aid by the Department, and those payments are disclosed in the attached Account. I have been appointed by the Treasury as Accounting Officer for this account.
- 3 I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department for Communities and Local Government's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible in accordance with the responsibilities assigned to me in Managing Public Money.
- 4 I delegate authority for the management and accountability of resources to my Directors-General, including budget provision for the year ahead, programme near cash, non cash and capital budgets, and administration allocations. Directors-General sub-delegate this authority to their Directors and Deputy Directors. I require all submissions to Ministers which have financial implications to be cleared with Finance Directorate and Heads of Finance who support Directors-General.

## The purpose of the system of internal control

- 5 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department for Communities and Local Government for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## Capacity to handle risk

- 6 Risk is identified, assessed, managed and reviewed within the department to ensure the efficient, effective and economical delivery of the objectives, targets and business.
- 7 Over the past year, the Department has strengthened its corporate governance and risk management process. The Delivery Sub Committee of the Board provides additional scrutiny, focussed specifically on the effective management of risk across our key programmes.
- 8 The introduction of Programme Boards to manage our business across the Department has strengthened our capacity to handle risk with nominated Senior Responsible Officers accountable for the effective management and escalations of risks within their programmes.

## The risk and control framework

- 9 During 2007-2008 risk processes and assurance were applied as follows
- The departmental Board reviewed the critical risks to departmental business and the actions being taken to mitigate them on a monthly basis through the Board risk register.
  - The Audit & Risk Committee under the independent chairmanship of a Non-Executive Member of the Board reviewed and endorsed the approach to risk management and corporate governance across the Department.
  - The key Programme Boards across the Department regularly review their risks and escalate strategic and cross cutting risks to the departmental Board through monthly reports.
  - The Delivery Sub Committee of the Board provides scrutiny of the highest risk programmes, focussing its time on assuring that the key risks are being effectively managed.
  - Directors and heads of unit within the Department reported how they were managing risk through their Statement on Internal Control returns provided to me at mid-year and at the end of the financial year.
  - The Chief Executives of the Executive Agency and of our Trading Funds provided draft Statements on Internal Control to me at mid-year and end-year, which outlined how they were managing risk.
- 10 The Department has invested in a significant training programme to build the skills of staff in managing Programmes and Projects. This training has a specific focus on risk management as part of our ongoing commitment to continue to strengthen risk management across the Department.
- 11 The Department has reviewed and reinforced its data security measures. No data security issues of concern have been identified. By reviewing data held and processes in place, the Department has ensured that it is compliant with the recently announced minimum requirements for personal data handling and in certain areas has chosen to apply additional measures (e.g. code of conduct, increased communications). By increasing general communication and setting up a group to regularly review personal data handling processes and risk management, we have also increased assurance that the departmental family is aware of its obligations and that best practice is shared to further manage this risk

## Review of effectiveness

- 12 As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised of the implications of the result of my review of the effectiveness of the system of internal control by the Board and Audit & Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.
- 13 I require all Directors and heads of unit within the Department to complete a return at mid-year and end-year providing a self-assessment of how well they have managed their corporate responsibilities. This encompasses; (a) strategy, planning, monitoring and review, (b) risk management, (c) relationship with Agencies, Non-Departmental Public Bodies and Government Offices for the Regions, (d) system of financial management and control, and (e) other management responsibilities. All returns must be counter-signed by relevant Directors-General.



- 14 An analysis of returns and draft Statements on Internal Control provided is presented to the Audit & Risk Committee. At mid-year, the Committee recommends any actions necessary to address any significant internal control concerns. At end-year, the Committee advises me whether I have the necessary level of assurance from senior colleagues in order to sign this Statement on Internal Control.
- 15 No significant internal control issues were identified.

*Peter Housden*  
Accounting Officer  
Department for Communities and Local Government

16 July 2008

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on page 9 under the Housing Act 1988. These financial statements have been prepared in the form and on the basis determined by Treasury.

## Respective responsibilities of the Accounting Officer and Auditor

As described on page 3 the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Housing Act 1988 and Treasury directions made thereunder. The Accounting Officer is also responsible for ensuring the regularity of financial transactions and for the preparation of the Management Commentary.

My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report to you my opinion as to whether the financial statements properly present the receipts and payments and are properly prepared in accordance with the Housing Act 1988 and Treasury directions made thereunder. I report to you whether, in my opinion, the information given in the Management Commentary is consistent with the financial statements. I also report whether in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

In addition, I report to you if proper accounting records have not been kept, or if I have not received all the information and explanations I require for my audit.

I review whether the Statement on Internal Control reflects compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether the statement covers all risks and controls or to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures

## Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures, and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that, in all material respects, the receipts and payments have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In my opinion

- the financial statements properly present, in accordance with the Housing Act 1988 and directions made thereunder by the HM Treasury, the receipts and payments for the year ended 31 March 2008 and the balances held at that date;
- the financial statements have been properly prepared in accordance with the Housing Act 1988 and directions made thereunder by HM Treasury; and
- information given in the Management Commentary is consistent with the financial statements.

### **Audit opinion on regularity**

In my opinion, in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

### **Report**

I have no observations to make on these financial statements.

T J Burr  
Comptroller and Auditor General

18 July 2008

National Audit Office  
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Victoria  
London SW1W 9SS

## Accounts for the year ended 31 March 2008

1 Sums paid by the Secretary of State to Housing Action Trusts under paragraph 3 of schedule 8 to the Act.

The grant-in-aid payments made by the Secretary of State to the Housing Action Trust in the financial year 2007-2008, and for comparison the payments made in 2006-2007, are as follows

|                                  | <b>2007-2008</b>        | 2006-2007        |
|----------------------------------|-------------------------|------------------|
|                                  | <b>£</b>                | £                |
| Stonebridge Housing Action Trust | <b>2,810,000</b>        | 6,520,000        |
|                                  | <b><u>2,810,000</u></b> | <u>6,520,000</u> |

2 Loan issued by the Secretary of State under paragraph 4(3) of schedule 8 to the Act, and repayment to her of such loans under paragraph 4(5) of schedule 8 to the Act. No transactions in 2007-2008 (Nil in 2006-2007).

3 Sums issued to and received by the Secretary of State under paragraphs 4(4) and 4(5) respectively of schedule 8 to the Act, and the disposal by her of such sums under paragraph 4(6) of schedule 8 to the Act. No transactions in 2007-2008 (Nil in 2006-2007).

4 Sums paid by the Secretary of State into the consolidated fund or the National Loans Fund under paragraph 7 of schedule 8 to the Act. No transactions in 2007-2008 (Nil in 2006-2007).

5 There were no Post Balance Sheet adjustments to report. Financial Reporting Standard 21 requires disclosure of the date on which the accounts are authorised for issue. This is the date on which the certified accounts are dispatched by Communities and Local Government management to HM Treasury, who then arrange for the accounts to be laid before the Houses of Parliament. The authorised date for issue is xx July 2008.

6 Further Information

In accordance with the North Hull Housing Action Trust (Dissolution) Order 1998 (SI 1998 No.2871), North Hull Housing Action Trust was dissolved on 1 March 1999.

In accordance with the Waltham Forest Housing Action Trust (Dissolution) Order 2002 (SI 2002 No.86), Waltham Forest Housing Action Trust was dissolved on 30 April 2002.

In accordance with the Tower Hamlets Housing Action Trust (Dissolution) Order 2004 (SI 2004 No.586), Tower Hamlets Housing Action Trust was dissolved on 30 June 2004.

In accordance with the Castle Vale Housing Action Trust (Dissolution) Order 2005 (SI 2005 No.411), Castle Vale Housing Action Trust was dissolved on 30 June 2005.

In accordance with the Liverpool Housing Action Trust (Dissolution) Order 2005 (SI 2005 No.2518), Liverpool Housing Action Trust was dissolved on 31 December 2005.

In accordance with the Stonebridge Housing Action Trust (Dissolution) Order 2007 (SI 2007 No.1862), Stonebridge Housing Action Trust was dissolved on 30 September 2007.

*Peter Housden*  
Accounting Officer  
Department for Communities and Local Government

16 July 2008

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