

**Procedural Compliance
Checklist B
Rent & Sale
(including EH/HCP/TPF/CASHH)
2011 - 15**



V3.0 – May 2018 **Includes MRMW V1.0 July 2010 questions.**

For use by 'Independent Auditors' undertaking self-assessment compliance audits under the Framework Delivery Agreement (FDA) procedures

The purpose of this checklist is to identify specific checks to be undertaken in order to determine whether all procedural requirements, relevant funding conditions and FDA conditions as set out in the Affordable Housing Capital Funding Guide have been met.

Item	Timeliness of Grant Claim
1	<p>Is the solicitor's completion certificate or proof of ownership dated before first grant claim?</p> <p><u>Auditor notes</u> <i>Check filed evidence and IMS submission to substantiate.</i></p>
2	<p>Have both of the following been achieved:</p> <ul style="list-style-type: none"> • the main contract has been signed and dated and • contractual possession of site has passed to builder <p>prior to the first grant claim?</p> <p><u>Auditor notes</u> <i>Check site possession date within signed and dated building contract. 'Letter of intent' is unacceptable.</i></p>
3	<p>Were details of the scheme submitted to IMS in accordance with published guidelines as set out in the relevant Contract and CFG?</p> <p><u>Auditor notes</u></p> <ul style="list-style-type: none"> • <i>Check relevant documentation for compliance</i> • <i>Identify the start on site event date and</i> • <i>ensure it matches the date entered in IMS milestones.</i>
4	<p>For lease properties:</p> <ul style="list-style-type: none"> • was a lease signed before first grant claim, or, if not • was there a legally binding letter confirming agreement to lease? <p><u>Auditor notes</u> <i>Check for written confirmation from Solicitors that any such letter is legally binding and that</i></p> <ul style="list-style-type: none"> • <i>The term of the lease is in accordance with published guidance.</i> • <i>For lease and Repair property type that the lease is for a minimum period of 5</i>

	years.
5	<p>Was a Practical Completion certificate issued or independent certification of completion confirmed by date of final grant claim?</p> <p><u>Auditor notes</u></p> <ul style="list-style-type: none"> • Check dates from certificates with dates of claims. • Check completion certificate dates corresponds to building contract.
6	<p>Was grant payment(s) in respect of the firm scheme claimed in accordance with published guidelines as set out in the relevant contract and CFG?</p> <p><u>Auditor notes</u></p> <p>Ensure SOS/PCF date(s) entered in IMS milestones correspond to relevant documentation.</p>
Item	Security of Grant
7	<p>Does the land/property have either of the following:</p> <ul style="list-style-type: none"> • 'good title'; or • defective title indemnity insurance in favour of the grant recipient, with a limit of indemnity equal to at least firm scheme grant for the site? <p><u>Auditor notes</u></p> <p>Checks to include freehold, leasehold and any empty homes. Limit of indemnity to at least firm scheme grant N/A for nil grant schemes, but other requirements still apply.</p> <p>Check any specified consents were obtained and there were no covenants/restrictions likely to impede development (or relevant indemnity insurance). Check solicitor's report on title or lease.</p> <p>CFG - Procurement and Scheme Issues - Acquisition - 5.3 Property title</p>
8	<p>Does the provider have one of the following:</p> <ul style="list-style-type: none"> • freehold ownership of the property, or • a lease secured on the agreed terms? <p><u>Auditor notes</u></p> <ul style="list-style-type: none"> • Check that there is evidence on file from the solicitor that completion has taken place at the agreed sum, and that • Check that confirmation from Solicitor is dated post-completion. • Empty Homes Programme - ensure grant recovery rules been fully applied. • Check that solicitor has confirmed a grant recovery mechanism within the lease.
9	<p>Is evidence available to confirm that the submitted details of number of persons, dwellings, types, size, needs categories, occupancy & location accord with the scheme details as per approved scheme?</p> <p><u>Auditor notes</u></p> <p>Check IMS submission details against</p> <ul style="list-style-type: none"> • contract detail • scheme approval and • practical completion approval
10	<p>Are IMS rent figures the same as the actual rents charged?</p>

	<p><u>Auditor notes</u></p> <p>Check rent figures in IMS against Tenancy agreement; if they do not match:</p> <ul style="list-style-type: none"> • State actual rents and those on IMS. • Include any apparent reason for discrepancies; • Include Provider's explanation for any discrepancies – and be aware of IMS 52 weeks rent rules.
11	<p>Were all necessary Planning Consents obtained by Practical Completion? i.e.</p> <ul style="list-style-type: none"> • Was detailed planning permission granted prior to initial grant claim? • Were all reserved matters/conditions precedent signed off by the planners prior to the completion of the development? <p><u>Auditor notes</u></p> <p>Providers may use the '<u>deemed discharge</u>' route to confirm that planning conditions are no longer outstanding.</p> <p>Ensure all necessary consents obtained at an appropriate stage of the development.</p> <p>If not, seek evidence that:</p> <ul style="list-style-type: none"> • steps have been taken to obtain them • the delay is only due to late issue by the Local Planning Authority, and • there is no known reason why consents won't be given or issued. <p>In the event of planning consent not being granted before audit, note the detail of planning condition discharge outstanding (if applicable) and attach planning approval notice for reference.</p>
12	<p>Was the final certification required under building regulations obtained prior to completion?</p> <p><u>Auditor notes</u></p> <p>Check for earlier submission approval/correspondence, pertinent certified dates and third party certification e.g. NHBC Buildmark, if appropriate, to confirm sign off.</p>
13	<p>Where required, were other specified consents obtained for the relevant works?</p> <p><u>Auditor notes</u></p> <p>Check if other consents apply and if they were obtained e.g. party wall award, listed building consent, permission to demolish, Environment Agency remediation plan etc.</p>
14	<p>Were Funding Conditions complied with?</p> <p><u>Auditor notes</u></p> <p>Check relevant documentation for compliance. The general presumption should be in favour of compliance unless there are clear indications to the contrary.</p>
15	<p>Were the conditions within the relevant contract complied with?</p> <p><u>Auditor notes</u></p> <p>Check relevant documentation for compliance. The general presumption should be in favour of compliance unless there are clear indications to the contrary.</p>
16	<p>Have relevant expert reports been obtained where there is documented evidence of factors that may adversely affect mortgageability?</p> <p><u>Auditor notes</u></p> <p>Check documentation for compliance. For example:</p>

	<ul style="list-style-type: none"> • NHBC Buildmark certification, or • Equivalent industry recognised certification, • Valuation/structural reports/site investigation/solicitors report etc. • House builder warranties and/or CML cover notes must be available upon completion of the homes.
Item	Sundry Conditions
17	<p>Whole life cost - is there evidence of assessment?</p> <p><u>Auditor notes</u></p> <p><i>Check that calculations are present to support the contention of being above or below the 85% criterion for 100 year life (or 80% for an assumed 60 year life).</i></p>
18	<p>Have the 2012 Construction Commitments (Affordable Housing Provider version) principles been adopted?</p> <p><u>Auditor notes</u></p> <p><i>Check supporting filed evidence to indicate that the principles have been considered strategically and are being adopted appropriately as a result, i.e. implemented and actively monitored at a proportionate scale. CFG - Finance – Funding Conditions - 2.1 General - 2.1.4</i></p>
19	<p>Newbuild - Have any variations been authorised by the Homes England for changes to agreed submitted standards?</p> <p><u>Auditor notes</u></p> <p><i>Check files against submitted and agreed standards in IMS to ensure that any variations have been agreed by Homes England.</i></p>
20	<p>Refurbishment - Has full compliance with required standards been considered?</p> <p><u>Auditor notes</u></p> <p><i>Check for evidence on files of full compliance and that any non-compliance is supported by reasoned consideration of suitability for the intended user group. See Design & Quality Standards 2007, page 18.</i></p> <p><i>Purchase and Repair schemes</i></p> <ul style="list-style-type: none"> • <i>Ensure evidence on file confirms Design & Quality Standards (2007) for rehabilitation has been met.</i> • <i>Lease of 15 years or more: ensure the minimum Design & Quality Standards 2007 have been met.</i> • <i>Lease of less than 15 years: ensure the minimum Decent Homes Standards have been met.</i>
21	<p>Have HQI assessments been carried out?</p> <p><u>Auditor notes</u></p> <p><i>Check for evidence on files that HQI assessments have been carried out by an HQI trained experienced person on the basis of the scheme designs as (a) planned and (b) delivered.</i></p> <p><i>Check on the HQI assessment that mandatory elements, such as Security and internal and external storage have been completed. Refer to HCA DQS 2007. Section 1: core standards: 'Fully meeting the above performance measure [HQI unit layout minimum score 32] will be deemed to satisfy the internal environment core performance standard. However, in meeting the HQI unit layout minimum score, affordable housing providers will be expected to ensure that internal and external storage provision at least meets the requirements</i></p>

	<i>specified for the occupancy and does not fall short in any aspect'.</i>
22	<p>Were the relevant HQI scores achieved?</p> <p><u>Auditor notes</u></p> <p><i>Check for evidence on files that at practical completion the HQI scores achieved are no lower than those committed to scheme approval. Check that any enhanced design and quality criteria were achieved; e.g. LTH, SBD.</i></p>
23	<p>Was the Building for Life (BfL) assessment, based upon the 20 BfL criteria, carried out and, if so, did it achieve the required score?</p> <p><u>Auditor notes</u></p> <p><i>Check for evidence on files that evidence-based BfL assessments have been carried out by a suitably BfL qualified and competent person at:</i></p> <ul style="list-style-type: none"> • <i>Scheme design and</i> • <i>Completion stage.</i>
24	<p>Newbuild - Does the scheme meet the required Sustainability standard?</p> <p><u>Auditor notes</u></p> <p><i>Check for evidence on files that:</i></p> <ul style="list-style-type: none"> • <i>Sustainability assessments have been carried out by a registered assessor at scheme design and completion stage, e.g. BREEAM or Ecohomes or Code for Sustainable Homes certificates.</i> • <i>Code for Sustainable Homes completion stage assessment forwarded to BRE.</i> • <i>The level achieved is no lower than that committed to at approval stage - check certificate.</i> • <i>Full points were achieved for security within CSH as this is a mandatory requirement of the D&QS 2007 - refer to completion stage assessment.</i>
Item	Additional checks specific to SALE schemes additional checks
25	<p>Shared ownership - Have the fundamental clauses set out in the Shared Ownership chapter of the CFG at 3.2 been included in shared ownership leases?</p> <p><u>Auditor notes</u></p> <p><i>The lease against CFG required clauses: CFG - Help to Buy: Shared Ownership - Leases 3.2.</i></p>
26	<p>Shared ownership - Has the Provider carried out a suitable financial assessment of every applicant and are these filed for audit purposes?</p> <p><u>Auditor notes</u></p> <p><i>Check that the Homes England affordability toolkit or equivalent has been used.</i></p>
27	<p>Shared Ownership – do applicants meet the following eligibility requirements:</p> <ul style="list-style-type: none"> • Unable to purchase suitable property without assistance; • Can afford the mortgage costs; • Encouraged to purchase maximum share that they can afford <p><u>Auditor notes</u></p>

	<i>Check for filed evidence that these issues have been properly considered.</i>
28	<p>Shared ownership - Has the Provider prioritised applicants' access to this product according to the priority order set out in the CFG – specifically 3.2 of the Shared Ownership chapter?</p> <p><u>Auditor notes</u> <i>Check filed evidence against the CFG - Help to Buy: Shared Ownership – Applicant Eligibility</i></p>
Item	Additional checks specific to Empty Homes (EH) 2012-15
29	<p>Empty Homes – Has the property been unoccupied for at least six months prior to funding application?</p> <p><u>Auditor notes</u> <i>Ensure supporting filed evidence.</i></p>
30	<p>Empty Homes – Is evidence available to confirm that the property is not an existing social home owned by the Provider or another Provider? (E.g. Local Authority or housing association).</p> <p><u>Auditor notes</u> <i>Ensure supporting filed evidence.</i></p>
Item	Additional checks specific to Homelessness Change Programme (HCP) 2011-15
31	<p>Is the scheme is a hostel as defined in the CFG HCP chapter?</p> <p><u>Auditor notes</u> <i>Ensure that there is evidence on file and IMS to support the statement.</i></p>
32	<p>Supported housing/housing for older people – Do the client groups rehoused reflect the client groups published definitions?</p> <p><u>Auditor notes</u> <i>Ensure there is evidence on file and IMS to support the statement. Check the Homeless.org.uk/about-homelessness web page for definitions</i></p>
33	<p>Supported housing/housing for older people - Have the Homes England Design & Quality Standards 2007 minima for supported housing been met?</p> <p><u>Auditor notes</u> <i>Ensure that there is evidence on file and IMS to support the statement. Check that the requirements for purpose designed supported housing or designated supported housing have been met – refer to Annex 1 of DQS 2007. In addition see CFG - Library - March 2015 - Specialist Programmes - Homelessness Change Programme - Overview - 1.6 Design and Standards</i></p>
Item	Additional checks specific to Traveller Pitch Funding 2011-15
34	<p>Traveller Pitches – Do the site location and design demonstrate that the DCLG good practice guidance on site design has been followed?</p> <p><u>Auditor notes</u> <i>Ensure there is evidence on file to support the statement; see relevant guidance at:</i></p>

	https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/11439/designinggypsiesites.pdf
35	<p>Traveller pitches - Does the scheme match the Homes England traveller pitch standard definition? Each pitch should include at least:</p> <ul style="list-style-type: none"> • An amenity building, or suitable equivalent facility • Access to utilities • Hard standing area for a large trailer/caravan • Parking for one vehicle • Drying space for clothes <p><u>Auditor notes</u></p> <p><i>Check for evidence on file to support the statement. However, if the scheme is not a standard type, check for evidence on file that fixed sleeping accommodation has been provided instead.</i></p>
36	<p>Traveller Pitches – Is the site fully compliant with the regulations set out in the Mobile Homes Act 1983?</p> <p><u>Auditor notes</u></p> <p><i>Ensure that there is evidence on file to support the statement; see guidance at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5999/1885648.pdf</i></p>
Item	Additional checks specific to Care and Support Specialised Housing Fund (CASSH)
37	<p>Supported housing/housing for older people: Does the scheme offer:</p> <ul style="list-style-type: none"> • Its own front door? • Flexibility to adapt /install home equipment or assistive technology? • Varying levels of resident personal care and support? • Communal areas (for housing for older people)? <p><u>Auditor notes</u></p> <p><i>Check filed evidence and IMS submission to substantiate.</i></p>
38	<p>Supported housing/housing for older people – Do the residents/clients rehoused reflect the client groups published definitions:</p> <ul style="list-style-type: none"> • Older people with care and support needs, including those suffering from dementia; • Adults with learning difficulties; • Adults with physical or sensory disabilities; • Adults with mental health problems <p><u>Auditor notes</u></p> <p><i>Check filed evidence and IMS submission to substantiate.</i></p>
39	<p>Housing for older people - has the provider taken account of the Ten components for the design of housing for older people?</p> <p><u>Auditor notes</u></p> <p><i>Check for evidence on file to substantiate the statement. The components are listed here: https://www.gov.uk/government/publications/housing-our-ageing-population-panel-for-innovation</i></p>
40	<p>Supported housing/housing for older people – Do the service charges included in the rent cover only the building related charges?</p>

	<p><u>Auditor notes</u></p> <p><i>Ensure supporting filed evidence demonstrates that any personal care/support charges are excluded from the service charges.</i></p>
Item	Other
41	<p>Where the Provider has entered into a Management Agreement with a managing agency, is it satisfied that:</p> <ul style="list-style-type: none"> • The managing agency is a viable organisation? • The aims of the managing agency are compatible with its own? • The capacity, experience and resources of the managing agency are commensurate with the responsibilities it will hold? <p><u>Auditor notes</u></p> <p><i>Check filed evidence and IMS submission to substantiate.</i></p>
42	<p>Do the terms of the management agreement allow the Provider to::</p> <ul style="list-style-type: none"> • Retain overall responsibility for scheme financial control? • Monitor the condition and occupancy of the properties? • Let rented units on a written tenancy agreement between the provider and the occupant? • Issue SO leases to purchasers? <p><u>Auditor notes</u></p> <p><i>Check filed evidence and IMS submission to substantiate.</i></p>
Item	MRMW (taken from V1.0 July 2010)
43	<p>Where Homes England approval of qualifying costs were based upon specified works is documentary evidence available to indicate that the works were carried out as required?</p> <p><u>Auditor notes</u></p> <p><i>Check contract documents and invoices.</i></p>