



Governance and Audit Committee

Item
7

3 September 2019

Report of	Director of Business Improvement Colchester Borough Homes	Author	Matthew Armstrong ☎ 07951 013364
Title	Annual Report and Governance Statement		
Wards affected	Not Applicable		

The purpose of the report is for the Committee to consider and comment on the Governance Assurance Statement of Colchester Borough Homes

1. Recommendation

- 1.1 The Committee considers and comments on the Governance Assurance Statement of Colchester Borough Homes.
- 1.2 The Committee accepts the assurance provided by Colchester Borough Homes regarding its governance arrangements throughout 2018/19.

2. Background

- 2.1 Colchester Borough Homes is a wholly owned company of the Council. As such:
 - Its accounts are consolidated into the Council's financial statements
 - Disclosures regarding the adequacy and effectiveness of its governance arrangements are included in the Council's Annual Governance Statement.
- 2.2 Colchester Borough Homes has therefore provided the Council with its own Annual Governance Statement for 2018/19 as evidence of how well its arrangements are operating (Appendix 1).
- 2.3 The Annual Governance Statement will inform the Council's Governance Statement.
- 2.4 Mr Glenn Houchell, Chair of Colchester Borough Homes' Finance and Audit Committee, and Matthew Armstrong Director of Business Improvement will present this report to Committee and respond to any questions relating to it.

3. Additional Information

- 3.1 The Finance and Audit Committee of Colchester Borough Homes also takes the following actions to assure itself that the Company has proper and secure arrangements in place:

- Each year it agrees an audit plan for a three-year period on a risk-based approach
- It receives regular updates on the progress against this plan throughout the year from Internal Audit
- It carries out an annual self-assessment of how it is functioning based on CIPFA guidelines
- It considers and recommends the Annual Governance Statement to the Board
- It monitors the actions coming out of the Annual Governance Statement
- It produces the Risk Management Strategy and monitors the key strategic risks of the Company
- It scrutinises the proposed budget for the Company and monitors the Company's financial performance against budget and business plan on a quarterly basis

3.2 In accordance with company law Colchester Borough Homes has produced its annual statutory accounts for 2018/19 and had these audited by Scrutton Bland, a firm of external auditors. Scrutton Bland have approved these accounts and given a clean audit opinion.

The External Audit Partner attended the Finance and Audit Committee's June meeting to report on the audit and take questions from the Committee as they scrutinised the accounts.

4. Head of Internal Audit Opinion 2018/19

4.1 Set out below are some key information from the Internal Audit Opinion Report:

- The Audit Plan covered 10 internal audit projects including all the key financial areas (these were amalgamated into one audit in the year). One of these audit projects was in progress at the year end.
- Assurance gradings for the 9 completed projects were as follows:

Assurance Grading	2018/19 Number	2017/18 Number
Full	4	1
Substantial	5	8
Limited	0	0

- The above assurance gradings show that Colchester Borough Homes' control environment has improved on 2017/18 with the number of audits gaining full assurance increasing from 1 to 4.

- Plans have been drawn up to deal with any areas of weakness identified by these audits.
- **The overall Internal Audit Opinion is that substantial assurance on internal controls within the financial and operating systems operating throughout the year are in accordance with proper practice.**

5. Financial Implications

5.1 No further financial implications arise from matters included in these reports.

6. HR Implications

6.1 No HR implications arise from matters included in these reports.

7. Legal Implications

7.1 No legal implications arise from matters included in these reports.

8. Health & Safety Implications

8.1 No Health & Safety implications arise from matters included in these reports.

9. Equality & Diversity Implications

9.1 There are no direct diversity or equal opportunities issues as a result of these reports.

10. Residents at the Heart

10.1 These reports provide members with additional assurance around systems of internal control at Colchester Borough Homes Ltd.

11. Risk Management

11.1 Failure to operate robust governance arrangements can potentially lead to poor management, performance, stewardship of public engagement and, ultimately, poor outcomes for citizens and service users. It increases the risk that the company's priorities will not be delivered. Reviewing the governance arrangements each year and identifying and addressing the key issues minimises these risks.

12. Appendices

12.1 Annual Governance Statement