

## Governance and Audit Committee

Item  
**7**

6 September 2022

<b>Report of</b>	<b>Director of Business Improvement Colchester Borough Homes Client &amp; Business Manager Colchester Borough Council</b>	<b>Author</b>	<b>Matt Armstrong (CBH) ☎ 01206 506914 Andrew Tyrrell (CBC) ☎ 01206 282390</b>
<b>Title</b>	<b>CBH Annual Governance Statement 2021/22</b>		
<b>Wards affected</b>	Not Applicable		

### 1. Executive Summary

- 1.1 The purpose of the report is for the Committee to review, consider and comment on the Governance Assurance Statement of Colchester Borough Homes. As the Council's Arms-Length Management Organisation (ALMO), Colchester Borough Homes (CBH) are responsible for the management and maintenance of the Council's affordable homes (and some transferred general fund services).
- 1.2 There are good governance arrangements in place, in accordance with the Council's formal Management Agreement, and as set out in more detail within the Report and Appendix. Governance between the Council and CBH is monitored through the Council's Client Team on a daily basis. There are regular meetings and a number of other internal reporting and controls in both respective organisations.

### 2. Recommended Decision

- 2.1 The Committee considers and comments on the Governance Assurance Statement of Colchester Borough Homes.
- 2.2 The Committee accepts the assurance provided by Colchester Borough Homes regarding its governance arrangements throughout 2021/22.

### 3. Background

- 3.1 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.
- 3.2 Colchester Borough Homes has therefore provided the Council with its own Annual Governance Statement for 2021/22 as evidence of how well its arrangements are operating (Appendix 1).
- 3.3 The Annual Governance Statement will inform the Council's Governance Statement.

- 3.4 Fiona Marshall, Chair of Colchester Borough Homes' Finance and Audit Committee, and Matt Armstrong, Director of Business Improvement, will present this report to Committee and respond to any questions relating to it.

#### **4. Additional Information**

- 4.1 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 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.
- 4.2 In accordance with company law Colchester Borough Homes has produced its annual statutory accounts for 2021/22 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 July meeting to report on the audit and take questions from the Committee as they scrutinised the accounts.

#### **5. Head of Internal Audit Opinion 2021/22**

- 5.1 Set out below is some key information from the Internal Audit Opinion Report:
- The Audit Plan covered 9 internal audit reviews, including all the key financial areas (these were amalgamated into one audit in the year).
  - Assurance gradings for the 9 completed reviews were as follows:

<b>Assurance Assessments</b>	<b>Number of Reviews</b>	<b>Previous Year</b>
Substantial Assurance	4	4
Reasonable Assurance	5	5
Limited Assurance	0	0
No Assurance	0	0

- The above assurance gradings show that Colchester Borough Homes' control environment has remained robust throughout 2021/22, with 4 audits gaining 'substantial assurance' and no control weaknesses assessed as 'limited' or 'no assurance'.
- The number of audits completed remained the same as 2020/21 and audits were identified on a risk-based approach, a total of 71 days of audit was conducted throughout the financial year.
- The total number of recommendations are shown below with the previous year shown in brackets. Two recommendations (one 'important' and one 'routine') were carried forward as they relied on the update of procurement regulations which are mirrored with the Councils 'Contract Procedure Rules'. All other recommendations were completed by 31st March 2022.

Urgent	Important	Routine
0 (0)	9 (7)	5 (12)

## 5.2 The Head of Internal Audit's annual opinion stated...

TIAA is satisfied that, for the areas reviewed during the year, Colchester Borough Homes has reasonable and effective risk management, control and governance processes in place. Not having completed all of the planned work due to the global Covid-19 pandemic has not impacted on our overall assessment. This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by Colchester Borough Homes from its various sources of assurance.

## 6. Equality & Diversity Implications

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

## 7. Financial Implications

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

## 8. Health, Wellbeing and Community Safety Implications

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

## 9. Health & Safety Implications

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

## 10. Risk Management

10.1 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.

## **11. Environmental and Sustainability Implications**

- 11.1 Colchester Borough Homes supports and contributes towards the Council's carbon reduction target throughout all its service delivery.

## **12. Appendices**

- 12.1 Appendix 1 – CBH Annual Governance Statement 2021/22