

25 July 2017

Report of	Director of Resources, Colchester Borough Homes	Author	Michael Hadjimichael ☎ 01206 507815
Title	Colchester Borough Homes 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 2016/17.

## 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 2016/17 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 Colchester Borough Homes' Finance and Audit Committee Chairman (subject to work commitments) and the Director of Resources 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

#### **4. Head of Internal Audit Opinion 2016/17**

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).
- Assurance gradings were as follows:

Assurance Grading	No.
Full	1
Substantial	7
Limited	2

- Plans have been drawn up to deal with any areas of weakness and particular attention is being paid to the area of limited assurance relating to Payroll function, which is provided by Colchester Borough Council. Colchester Borough Homes continually reviews its control framework and strives for best practice where possible.
- **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