

Report of Deputy Chief Executive (People)

to

**Audit Committee**

on

**28th June 2017**

Reports prepared by: South Essex Homes /  
Head of Internal Audit

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**South Essex Homes**  
**Annual Governance Statement for 2016/17 and supporting reports**  
**Executive Councillor – Cllr M Flewitt**  
***A Part 1 Public Agenda Item***

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**1. Purpose of Report**

- 1.1 To present South Essex Homes Annual Governance Statement and supporting reports to the Audit Committee to consider as evidence in support of the Council's own Annual Governance Statement.

**2. Recommendation**

- 2.1 The Audit Committee accepts the assurance provided by South Essex Homes regarding the operation of its risk management, control and governance arrangements throughout 2016/17.**

**3. Background**

- 3.1 South Essex 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 risk management, control and governance arrangements are included in the Council's Annual Governance Statement.

- 3.2 Therefore, South Essex Homes has provided the Council with the following reports for 2016/17 as evidence of how well these arrangements have operated throughout the year:

- Head of Internal Audit Annual Report (Appendix 1)
- Audit Committee Annual Report (Appendix 2)
- Annual Governance Statement (Appendix 2c)

- 3.3 These are the reports considered by the company's Audit Committee on the 17th May 2017. The Annual Governance Statement will receive final approval from the Board on 25<sup>th</sup> July, 2017. Overall they show that the company has maintained sound risk management, control and governance arrangements throughout the year.

- 3.4 The company's Annual Governance Statement will form part of the Council's Annual Governance Statement, which is item 13 on this meeting's agenda.
- 3.5 South Essex Homes' Audit Committee Chair and Director of Finance will present these reports to the Audit Committee and respond to Members' questions.

#### **4. Corporate Implications**

##### 4.1 Contribution to Council's Aims and Priorities

Operating robust governance arrangements contributes to the delivery of all Council Aims and Priorities.

##### 4.2 Financial Implications

Not relevant to this report.

##### 4.3 Legal Implications

Accounts and Audit Regulations 2015 Section 6 requires Council's to conduct an annual review of the effectiveness of its system of internal control.

The findings of the review must be considered by Council or by a nominated committee, who must then approve an Annual Governance Statement.

Therefore the work undertaken to support and then produce the Annual Governance Statement satisfies the requirements of these Regulations.

##### 4.4 People

Not relevant to this report.

##### 4.5 Property Implications

Not relevant to this report.

##### 4.6 Consultation

All of these reports have been approved by South Essex Homes Audit Committee.

##### 4.7 Equalities Impact Assessment

This has been reflected in the principles, values and or business management processes adopted.

##### 4.8 Risk Assessment

Not relevant to this report

##### 4.9 Value for Money, Community Safety Implications and Environmental Impact

These have been reflected in the principles, values and or business management processes adopted.

#### **5 Background Papers**

- The Accounts and Audit Regulations 2015
- UK Public Sector Internal Audit Standards
- CIPFA Local Governance Application Note for the UK Public Sector Internal Audit Standards
- CIPFA: The Role of the Head of Internal Audit in Public Service Organisations 2010

- CIPFA: Audit Committees, Practical Guidance for Local Authorities and Police 2013
- Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Delivering Good Governance in Local Government - Framework.

## 6 Attachments

Appendix 1 South Essex Homes Head of Internal Audit Annual Report 2016/17

- Appendix 1a Assurance Summary 2016/17
- Appendix 1b Internal Audit Plan 2016/17 as at 5 May 2017

Appendix 2 South Essex Homes Audit Committee Annual Report 2016/17

- Appendix 2a Delivering the Audit Committee's Terms of Reference
- Appendix 2b South Essex Homes Annual Governance Statement 2016/17
- Appendix 2c Annual Governance Statement 2016/17 Action Plan
- Appendix 2d Annual Governance Statement 2015/16 Action Plan