

# Southend-on-Sea Borough Council

Agenda  
Item No.

Report of Corporate Director Support Services

to

**Audit Committee**

on

**26 September 2012**

Reports prepared by: South Essex Homes

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**South Essex Homes, Annual Governance Reports 2011/12**

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***A Part 1 Public Agenda Item***

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## **1. Purpose of Report**

- 1.1 To present South Essex Homes' key end of year governance reports to the Audit Committee.

## **2. Recommendation**

- 2.1 **The Audit Committee accepts the assurance provided by South Essex Homes regarding the operation of its system of internal control and governance arrangements throughout 2011/12.**

## **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 systems of internal control and governance arrangements are included in the Council's Annual Governance Statement.
- 3.2 In 2011/12, South Essex Homes produced a Governance Statement for the company based upon CIPFA good practice guidance (see background information below). Key sources of evidence that supported this assessment were:
- Manager Assurance Statements
  - the Head of Internal Audit Annual Report
  - the Audit Committee Annual Report.

3.3 The Committee is required to assess whether the Council's Annual Governance Statement is accurate and reflects how both it's own as well as South Essex Homes' governance arrangements operated throughout 2011/12. Therefore to help support this assessment, the following end of year reports have been provided:

- Head of Internal Audit Annual Report 2011/12
- Audit Committee Annual Report 2011/12
- Annual Governance Arrangements Assessment 2011/12.

3.4 South Essex Homes' Audit Committee Chairman and the Director of Finance will present these reports to 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

All officers have been required to adopt robust financial management arrangements within their service areas.

##### 4.3 Legal Implications

Accounts and Audit (England) Regulations 2011 Section 4 requires that the relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.

The findings of the review must be considered by Council or by a committee. Following the review, the body or committee must approve an annual governance statement prepared in accordance with proper practices in relation to internal control.

Proper practice in this sense is defined as guidance issued by the relevant professional body, which for local government is the CIPFA / SOLACE Framework (refer background papers). This requires local authorities to produce a Local Code of Governance and sets out the operational framework that it should adopt.

Therefore the work undertaken to support and then produce the Annual Governance Statement satisfies the requirements of the Accounts and Audit (England) Regulations 2011.

##### 4.4 People

All non executive members and staff have been required to adopt the principles and values outlined in the Local Code of Governance and apply the business management processes required within their service areas.

#### 4.5 Property Implications

All services have been required adopt proper processes in managing their assets.

#### 4.6 Consultation

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

#### 4.7 Equalities Impact Assessment

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

#### 4.8 Risk Assessment

Failure to operate robust governance arrangements can potentially lead to poor management, performance, stewardship of public money, public engagement and ultimately, poor outcomes for citizens and service users. It increases the risk that corporate priorities won't be delivered.

#### 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

- 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.
- Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Guidance Note for English Authorities.
- The CIPFA Finance Advisory Network, The Annual Governance Statement, meeting the requirements of the Accounts and Audit Regulations 2003, Incorporating Accounts and Audit (Amendment) (England) Regulation 2006, Rough Guide for Practitioners.
- The Accounts and Audit (England) Regulations 2011.

### 6 Attachments

- Appendix 1: Head of Internal Audit Annual Report 2011/12
- Appendix 2: Audit Committee Annual Report 2011/12
- Appendix 3: South Essex Homes Annual Governance Statement 2011/12