

Appendix 2b: Audit Assurances and Themes

Assurance



Shareholder Board

Objective

To assess the robustness of the new governance arrangements established to oversee the financial and operational performance of the Council owned companies that are being used as an alternative method to deliver outcomes for residents.

Summary

Shareholder Board Terms of Reference

The Shareholder Board was approved by the Council in December 2017 along with their Terms of Reference (ToR). The ToR set the broad objectives for the Shareholder Board but did not give sufficient information on the function of the Board and the level of information that it needs to consider. This made it more difficult for the Board to properly exercise their role and responsibilities, and less able to challenge the companies on their governance and performance. Since the audit work was undertaken the ToR have been updated to more clearly specify what the Board is there to achieve and the information that should be provided to it, in order that it can do so.

Shareholder Board's remit

Originally the Shareholder Board considered two companies, South Essex Homes (SEH) and Southend Care. Since the audit work was undertaken the remit has been updated to refer to all 'Corporate Vehicles', therefore now includes the Council's joint ventures, Porters Place Southend-on-Sea LLP, PSP Southend LLP and Southend-on-Sea Forum Ltd.

Conflict of Interest

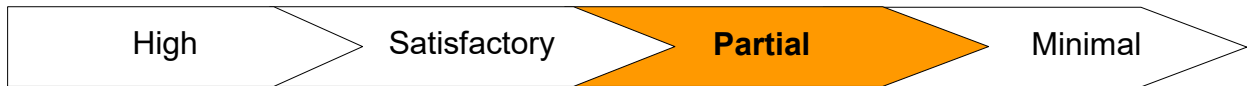
Originally there were eight members appointed to the Shareholder Board of which four were from the cabinet and two were also members of the audit committee. The chair was a council representative on the board of PSP Southend LLP and another member was on the board of SEH.

In order to challenge the companies and the joint ventures, it is important that none of the Board members have any conflict of interest arising from their involvement with the companies.

Since the audit work was undertaken the ToR have been updated to reflect that 'No Councillor who sits on the board of a Corporate Vehicle can attend a Shareholder Board meeting considering that particular Corporate Vehicle.'

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Consistency with the Audit Committee's ToR

There is a need for the Audit Committee's ToR to be updated to reflect its relationship with the Shareholder Board and their respective roles and responsibilities.

Number of actions agreed: 8