

HAVANT BOROUGH COUNCIL
PUBLIC SERVICE PLAZA
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Havant
BOROUGH COUNCIL

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GOVERNANCE, AUDIT AND FINANCE BOARD AGENDA

Membership: Councillor Kennett (Chairman)

Councillors P Bains, Crellin, Hart, Milne, Patel, Smith K, Thomas and Inkster

Meeting: Governance, Audit and Finance Board

Date: Wednesday 18 September 2019

Time: 5.00 pm

Venue: Hollybank Room, Public Service Plaza, Civic Centre Road,
Havant, Hants PO9 2AX

The business to be transacted is set out below:

David Brown
Monitoring Officer

10 September 2019

Contact Officer: Mark Gregory 023 92446232
Email: mark.gregory@havant.gov.uk

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1 Apologies	
To receive apologies for absence.	
2 Minutes	1 - 4
To confirm the minutes of the Governance and Audit Committee held on 24 July 2019.	
3 Matters Arising	
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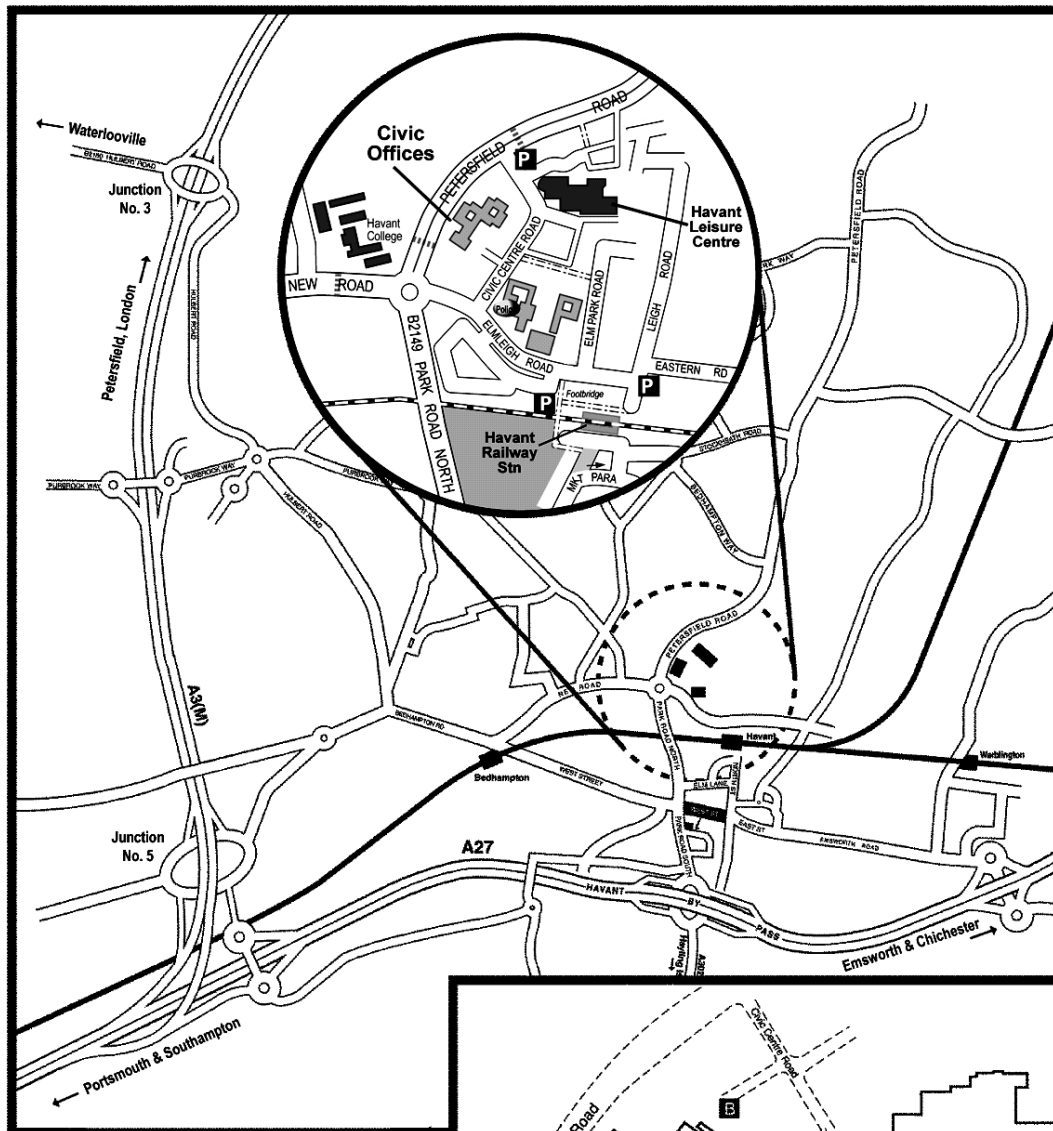
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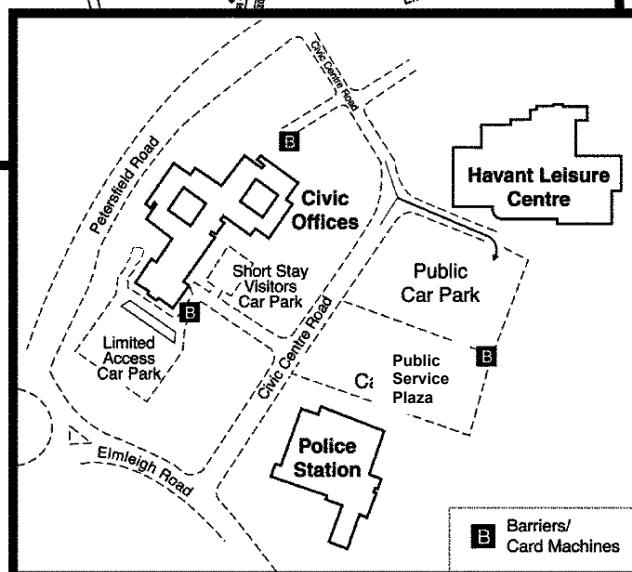
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Havant

BOROUGH COUNCIL

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HAVANT BOROUGH COUNCIL

At a meeting of the Governance, Audit and Finance Board held on 24 July 2019

Present

Councillor Smith K (Chairman)

Councillors P Bains, Crellin, Hart, Patel and Thomas

Other Councillors Present:

Councillor(s):

4 Appointment of Chairman

RESOLVED that, in the absence of the Chairman, Councillor Smith be appointed Chairman for the duration of this meeting.

5 Apologies

Apologies for absence were received from Councillors Kennett, Milne and Inkster.

6 Minutes

The Minutes of the meetings of the Governance, Audit and Finance Board held on 12 June and 2 July 2019 were agreed as a correct record and signed by the Chairman.

7 Matters Arising

Minute 64 – The Board noted that the report on Serving You had been withdrawn from the agenda for this meeting at the request of the Chairman of the Board; the report would be submitted at the next meeting when the Chairman will be present.

8 Declarations of Interest

There were no declarations of interests relating to matters on the agenda.

9 Chairman's Report

The Chairman appointed for this meeting had nothing to report.

10 Appointment of Co-opted Members

RESOLVED that Councillor Carpenter be appointed as co-opted member of this Board in accordance with Standing Orders 6.9 and 70.2(e) for the municipal year 2019/20.

11 Annual Governance Statement

Further to Minute 67/6/2019, the Board considered the final version of the Annual Governance Statement 2018-19.

RESOLVED that the Annual Governance Statement for 2018/19 as submitted be approved subject to the following amendment:

Section E – Developing the Councils Capacity, Including the Capability of its Leadership and the Individuals Within It – 4th paragraph delete the word “compulsory”.

12 Exclusion of the Press and Public

RESOLVED that the public be excluded from the meeting during consideration of the minutes headed and numbered as below because:

it was likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during those minutes there would be disclosure to them of exempt information of the descriptions specified in paragraphs of Part 1 of Schedule 12A (as amended) of the Local Government Act 1972 shown against the heading in question; and

in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Minute 13 EHDC Environmental Services Mobilisation
(Paragraph 3)

All parties agreed to the Licensing Support Officer remaining in the meeting after the public had been excluded.

13 EHDC Environmental Services Mobilisation

(In camera)

The Board received presentations from the Head of Strategic Commissioning on the arrangements made for the delegation of environmental services from East Hampshire District Council to this Council.

The Board received prior to the meeting:

- (a) a copy of the exempt report and appendices to be submitted to Cabinet on 29 July 2019;
- (b) the answers to questions submitted to the Officers by the Business and Commercial Services Board on 22 July 2019; and
- (c) A copy of the presentations submitted to the Business and Commercial Services Board on 22 July 2019

The Cabinet Lead for Contracts and Commercial Services, the Head of Strategic Commissioning, and the Strategic Procurement Manager were invited to join the meeting and answer questions from the members relating to:

- (i) the risks and benefits of the delegation of the services to the Council;
- (ii) the plans/options in place to alleviate the risks identified in (i) above;
- (ii) proposed improvements to HBC's services;
- (iii) cross border services;
- (iv) the transfer of staff from existing contractors; and
- (v) the accounting systems that would be in place for both Councils
- (vi) the financial and legal implications of the plans/options identified in (ii) above.

(Consideration of this matter was adjourned at 6.10 pm to enable the Board to consider the Internal Auditor's Report and to question representatives of CAPITA)

(The press and public were invited to return to the meeting)

14 Annual Internal Audit Report and Opinion 2018-19

The Committee considered the report presented by Antony Harvey of the Southern Internal Audit Partnership, who joined the meeting for the debate on this item and answered member's questions in connection with the report.

Representatives from CAPITA joined the meeting and answered members questions relating to the "No Assurance" and the "Limited Assurance Opinion" referred to in the report.

In response to questions raised by members, the representatives from CAPITA assured the Board that steps had been taken to prevent the problems relating to the "No Assurance" and "Limited Assurance" reoccurring. The representatives from CAPITA and Internal Audit agreed to give an update report to the Board in November 2019

RESOLVED that:

- (a) the Internal Audit Annual Report 2018/19 be approved; and
- (b) an update report on progress made on the introduction of processes to overcome the "No and Limited Assurances" set out in the Internal Auditors Annual Report 2018/19 be submitted to the Board in November 2019.

(The press and public we asked to leave the meeting to enable the debate on
Item to continue in accordance with Minute12)

(In camera)

13. EHDC Environmental Services Mobilisation

(The Board resume the debate on this item at 6.40pm)

The Board was advised of the recommendations made by the Business and Commercial Services Board at its meeting held on 22 July 2019.

Concern was expressed about the short time given for members to digest the contents of the report, appendices and supplementary information. However, after a detailed discussion it was considered that, based on the information presented by the officers and the Cabinet lead at the meeting, the Board was in a position to make a decision.

RESOLVED that having considered Item 13 of the agenda and having undertaken a pre-scrutiny and noting the submissions made by Cabinet Lead attending to consider any recommendations of the Board:

- (a) the proposals be noted;
- (b) the Board would not call in or scrutinise for a second time the decision to be made by Cabinet on this matter at its meeting to be held on 29 July 2019, in accordance with Standing Order 85(6) and (7); and
- (c) a joint scrutiny with the Business and Commercial Services Board be held to consider alternative arrangements, if the Council cannot implement the preferred option.

The meeting commenced at 5.00 pm and concluded at 7.06 pm

.....
Chairman

NON EXEMPT

HAVANT BOROUGH COUNCIL

GOVERNANCE, AUDIT AND FINANCE BOARD 18 September 2019

INTERNAL AUDIT PROGRESS REPORT 2019-20 (August 2019)

Deputy Head of the Southern Internal Audit
Partnership

ITEM NO

FOR DECISION

Key Decision: No

1.0 Purpose of Report

- 1.1** The purpose of this paper is to provide the Governance, Audit and Finance Board with an overview of internal audit activity against assurance work completed in accordance with the approved audit plan and to provide an overview of the status of 'live' reports.

2.0 Recommendation

- 2.1** That the Governance, Audit and Finance Board note the Internal Audit Progress Report (August 2019) as attached.

3.0 Summary

- 3.1** Under the Accounts and Audit (England) Regulations 2015, the Council is responsible for:
- ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of functions and includes arrangements for the management of risk; and
 - undertaking an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.
- 3.2** In accordance with the Public Sector Internal Audit Standards and the Council's Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to the Governance, Audit and Finance Board summarising:

'communications on the internal audit activity's performance relative to its plan.'

3.3 Appendix 1 summarises the performance of Internal Audit for 2019-20.

4.0 Implications

4.1 Resources:

Internal Audit is provided through the Southern Internal Audit Partnership. The audit plan consists of 380 audit days and remains fluid throughout the year to meet the changing needs of the Council.

4.2 Legal:

Compliance with the Accounts and Audit (England) Regulations 2015.

4.3 Strategy:

Internal audit plays a vital role in helping the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

4.4 Risks:

The audit needs assessment follows a risk-based audit approach taking cognisance of the Council's risk register.

4.5 Communications:

None directly from this report.

4.6 Customers & Community:

None directly from this report although improvements to controls and governance arrangements will ensure more efficient and effective service delivery.

4.7 Integrated Impact Assessment (IIA):

n/a

5.0 Consultation

5.1 The report has been discussed and noted by the Management Team who met at the Executive Board on 27 August 2019.

Appendices:

Appendix 1 – Internal Audit Progress Report 2019-20

Agreed and signed off by:

Legal Services: David Brown, Head of Legal and;

Finance: Lydia Morrison, Chief Finance Officer.

Contact Officer: Antony Harvey

Job Title: Deputy Head of the Southern Internal Audit Partnership

Telephone: 01962 845701

E-Mail: antony.harvey@hants.gov.uk

Internal Audit Progress Report

August 2019

Havant Borough Council



**Southern Internal
Audit Partnership**

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1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards - updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation’s objectives.

2. Purpose of report

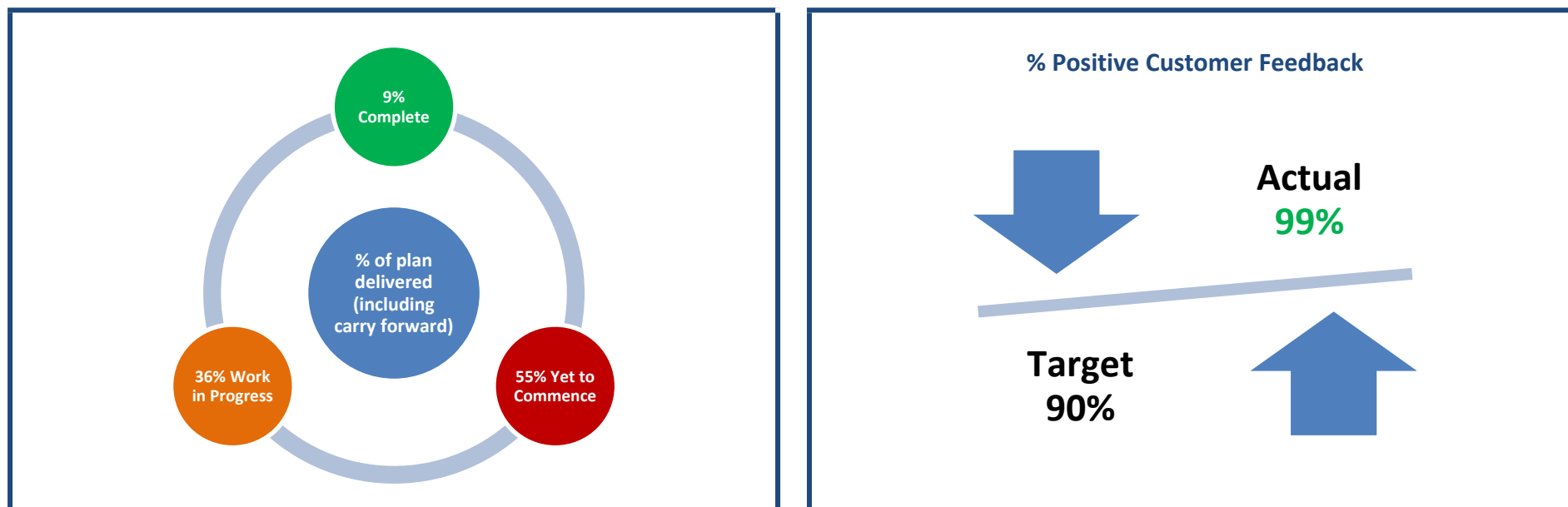
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to 'Senior Management' and 'the Board', summarising:

- The status of 'live' internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

Substantial	A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified.
Adequate	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified.
Limited	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk.
No	Fundamental weaknesses identified in the framework of internal control or the framework is ineffective or absent with significant risk to the achievement of system objectives.

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards / Local Government Application Note



An 'External Quality Assessment' of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2015. The report concluded:

'It is our view that the Southern Internal Audit Partnership 'generally conforms' (top grading) to all of the principles contained within the International Professional Practice Framework (IPPF); Public Sector Internal Audit Standards (PSIAS); and the Local Government Application Note (LAGN).

In accordance with PSIAS, a further self assessment was completed in April 2018 concluding that the Southern Internal Audit Partnership continues to comply with all aspects of the IPPF, PSIAS and LGAN.

4. Status of 'Live' Reports

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')				
				Reported	Not Accepted	Pending	Cleared	Overdue
Information Governance *	26/04/17	HoPRQ	Limited	19 (7)	0 (0)	0 (0)	19 (7)	0 (0)
Developers Obligations and Contributions / Community Infrastructure Levy (CIL) *	15/06/17	HoP	Adequate	9 (5)	0 (0)	0 (0)	9 (5)	0 (0)
Proactive Fraud Initiatives (Mobile Devices) *	12/12/17	HoPRQ	Adequate	6 (0)	0 (0)	0 (0)	6 (0)	0 (0)
Norse South East – Governance Arrangements *	24/07/18	HoSC	Adequate	9 (0)	0 (0)	0 (0)	9 (0)	0 (0)
Norse South East – Emergency Planning Arrangements *	24/07/18	HoSC	Adequate	3 (0)	0 (0)	0 (0)	3 (0)	0 (0)
Traffic Management	25/01/19	HoENQ	Adequate	6 (0)	0 (0)	2 (0)	4 (0)	0 (0)
Risk Management *	12/02/19	HoPRQ	Adequate	2 (2)	0 (0)	0 (0)	2 (2)	0 (0)
Benefits	19/02/19	HoCS	Adequate	3 (2)	0 (0)	0 (0)	2 (2)	1 (0)
Information Governance	28/05/19	HoPRQ	Adequate	12 (0)	0 (0)	11 (0)	1 (0)	0 (0)
Main Accounting *	30/05/19	CFO	Adequate	2 (2)	0 (0)	0 (0)	2 (2)	0 (0)
Financial Planning / Budgetary Control	30/05/19	CFO	Adequate	4 (0)	0 (0)	4 (0)	0 (0)	0 (0)
Procurement	31/05/19	HoSC	Adequate	8 (0)	0 (0)	6 (0)	2 (0)	0 (0)

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')				
				Reported	Not Accepted	Pending	Cleared	Overdue
Private Sector Housing	01/07/19	HoENQ	Adequate	4 (0)	0 (0)	4 (0)	0 (0)	0 (0)
Land Charges	08/07/19	HoCS	Adequate	2 (0)	0 (0)	1 (0)	1 (0)	0 (0)
Developers Contributions	02/08/19	SD (RP)	Adequate	2 (0)	0 (0)	2 (0)	0 (0)	0 (0)

*denotes audits where all actions have been completed since the last progress report

Audit Sponsor	
Head of Organisational Development	HoOD
Head of Customer Services	HoCS
Chief Finance Officer	CFO
Head of Programmes, Redesign and Quality	HoPRQ
Head of Development	HoD
Head of Strategic Commissioning	HoSC
Head of Property Services	HoPS
Head of Enforcement & Neighbourhood Quality	HoENQ
Head of Planning	HoP
Service Director (Regeneration and Place)	SD (RP)
Head of Commercial Development	HoCD

5. Executive Summaries of new reports published concluding a ‘Limited’ or ‘No’ assurance opinion

There are no new reports published concluding a ‘Limited’ or ‘No’ assurance opinion.

6. Fraud and Irregularities

In accordance with the Local Government Transparency Code 2015 there is a requirement on local authorities to publish the following information with regard counter fraud work:

Local Government Transparency Code 2015	01.04.19 –31.07.19
Part 2 Requirements - Fraud	
Number of occasions powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers have been used	Nil
Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud	3 fte*
Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists	5 fte*
Total amount of time spent by the authority on the investigation and prosecution of fraud	2 days***
Total number of fraud cases investigated	0**

*relates to internal audit staff across the wider SIAP only (does not include other areas of the Council that may affect reported figures i.e. legal, HR, Trading Standards, departmental investigating officers etc.)

**the definition of fraud is as set out by the Audit Commission in *Protecting the Public Purse* - ‘the intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss.’

***relates to SIAP staff only and includes time spent on proactive fraud initiatives to identify or prevent potential fraud that may not result in a formal investigation or prosecution.

7. Planning & Resourcing

The internal audit plan for 2019-20 was discussed by the Executive Board on 21 February 2019 and approved by the Governance, Audit and Finance Board on 03 April 2019.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed within section 8.

8. Rolling Work Programme

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
Carry Forward Reviews									
Accounts Payable	CFO	✓	✓	✓	✓		Adequate	✗	18/19 Opinion. Capita actions outstanding
Accounts Receivable / Debt Management – Sundry Debtors	CFO	✓	✓	✓	✓		Limited	✗	18/19 Opinion. Capita actions outstanding
De-Commissioning of Civica Financials	CFO	✓	✓	✓	✓	✓	Substantial	✓	18/19 Opinion
2019-20 Reviews									

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
Corporate / Cross Cutting									
Business Continuity Planning / Disaster Recovery	HoOD	✓	✓	✓				✓	Q2-3
Human Resources	HoOD	✓						✓	Q3-4
Partnerships / Partnership Management	CFO							✓	Q4
Performance Management	HoPRQ							✓	Q4
Project / Programme Management	HoSC							✓	Q3-4
Health and safety	HoOD							✓	Q3
Contract Management Arrangements	HoSC							✓	Q4
Financial Stability	CFO							✓	Q3
Corporate Governance									
Information Governance	HoPRQ							✓	Q4

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
Cipfa/Tecaff fraud survey	CFO	n/a	n/a	✓	n/a	n/a	n/a	✓	Survey submitted
National Fraud Initiatives	CFO	n/a	n/a	✓				✓	On-going
Financial Management									
Lease Income	HoCD							✓	Q3-4
Income collection and banking	CFO							✓	Q3
Accounts Payable	CFO							✓	Q3
Accounts Receivable / Debt Management	CFO							✓	Q4
Treasury Management	CFO							✓	Q4
Payroll	CFO	✓						✓	Q3-4
Reconciliations	CFO							✓	Q3
Information Technology									
Computer implementations	HoPRQ							✓	Q3
IT Security Governance	HoPRQ							✓	Q4

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
IT Asset Management	HoPRQ	✓						✓	Q2-3
IT Risk Management	HoPRQ							✓	Q3
Corporate objectives									
Regeneration / Economic development	SD (RP)							✓	Q4
Norse South East - Transition / Mobilisation	HoSC	✓	✓	✓				✓	Q1-4
Norse South East - Governance Arrangements	HoSC	✓	✓	✓				✓	Q2-3
Environmental Health.	HoENQ	✓	✓					✓	Q2-3
Licensing	HoENQ							✓	Q4
Developers Obligations and Contributions / CIL	SD (RP)	✓	✓	✓	✓	✓	Adequate	✓	
Animal Welfare (Licensing)	HoENQ	✓						✓	Q4
Food Safety	HoENQ	✓	✓					✓	Q2-3

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National Fraud Initiative Update Report – Council Tax and Benefits

Background

A report was submitted to Governance and Scrutiny Committee on 19th September 2018 setting out the position regarding National Fraud Initiative matches received and the plans to progress the investigation work where appropriate.

Data matching in the NFI involves comparing sets of data, such as the payroll or benefits records of a body, against other records held by the same or another body to see how far they match. Participating bodies receive a report of matches that they should use to detect instances of fraud and other errors where appropriate and to take remedial action and update their records accordingly. It is important to recognise that matches are not necessarily evidence of fraud. Participants should concentrate on potentially fraudulent cases and eliminate coincidental matches.

Summary

Following the Committee meeting last September the appropriate work on the matches as set out in the Committee report were satisfactorily concluded. A verbal update will be provided to the Committee on 18th September to advise on this year's initiative.

Ian Bartlett

Capita Head of Revenues and Benefits Services

ian.bartlett@capita.co.uk

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