

HAVANT BOROUGH COUNCIL
PUBLIC SERVICE PLAZA
CIVIC CENTRE ROAD
HAVANT
HAMPSHIRE PO9 2AX



Telephone: 023 9247 4174
Fax: 023 9248 0263
Website: www.havant.gov.uk

GOVERNANCE, AUDIT AND FINANCE BOARD AGENDA

Membership: Councillor Kennett (Chairman)

Councillors Bains, Briggs, Crellin, Hart, Rees, Robinson, Shimbart, Smith K and Wade

Meeting: Governance, Audit and Finance Board

Date: Wednesday 25 July 2018

Time: 5.00 pm

Venue: Newlease Room, Public Service Plaza, Civic Centre Road,
Havant, Hampshire PO9 2AX

The business to be transacted is set out below:

Nick Leach
Monitoring Officer

17 July 2018

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, Audit and Finance Board held on 20 June 2018.	
3 Matters Arising	
4 Declarations of Interest	
To receive and record declarations of interests from members present	

in respect of the various matters on the agenda for the meeting.

5 Chairman's Report

The Chairman to report the outcome of meetings attended or other information arising since the last meeting of the Board.

6	Annual Internal Audit Report and Opinion 2017/18	5 - 18
7	Annual Fraud Report 2017/18	19 - 28
8	Annual Governance Statement	29 - 50
9	External Audit Results Report 2017/18 and Audit Committee Briefing	To Follow
10	Statement of Accounts and Letter of Representation 2017/18	To Follow
11	Monitoring Officer's Report	
	To receive verbal updates from the Monitoring Officer.	
12	Appointment of Panels	51 - 56
13	Work Programme 2018/19	57 - 58

GENERAL INFORMATION

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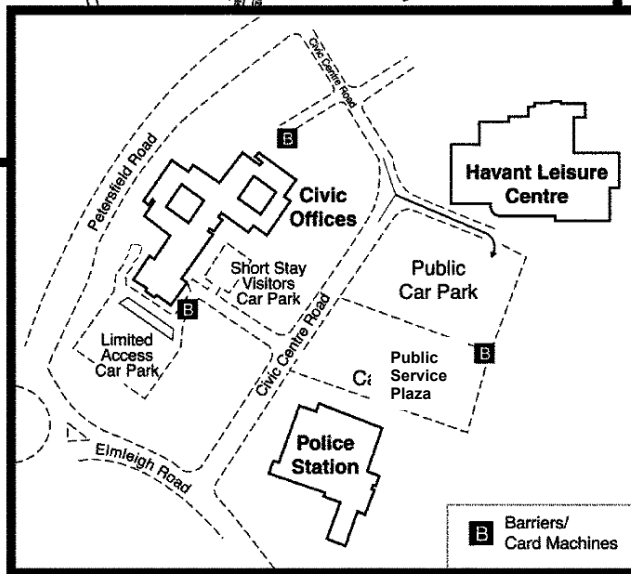
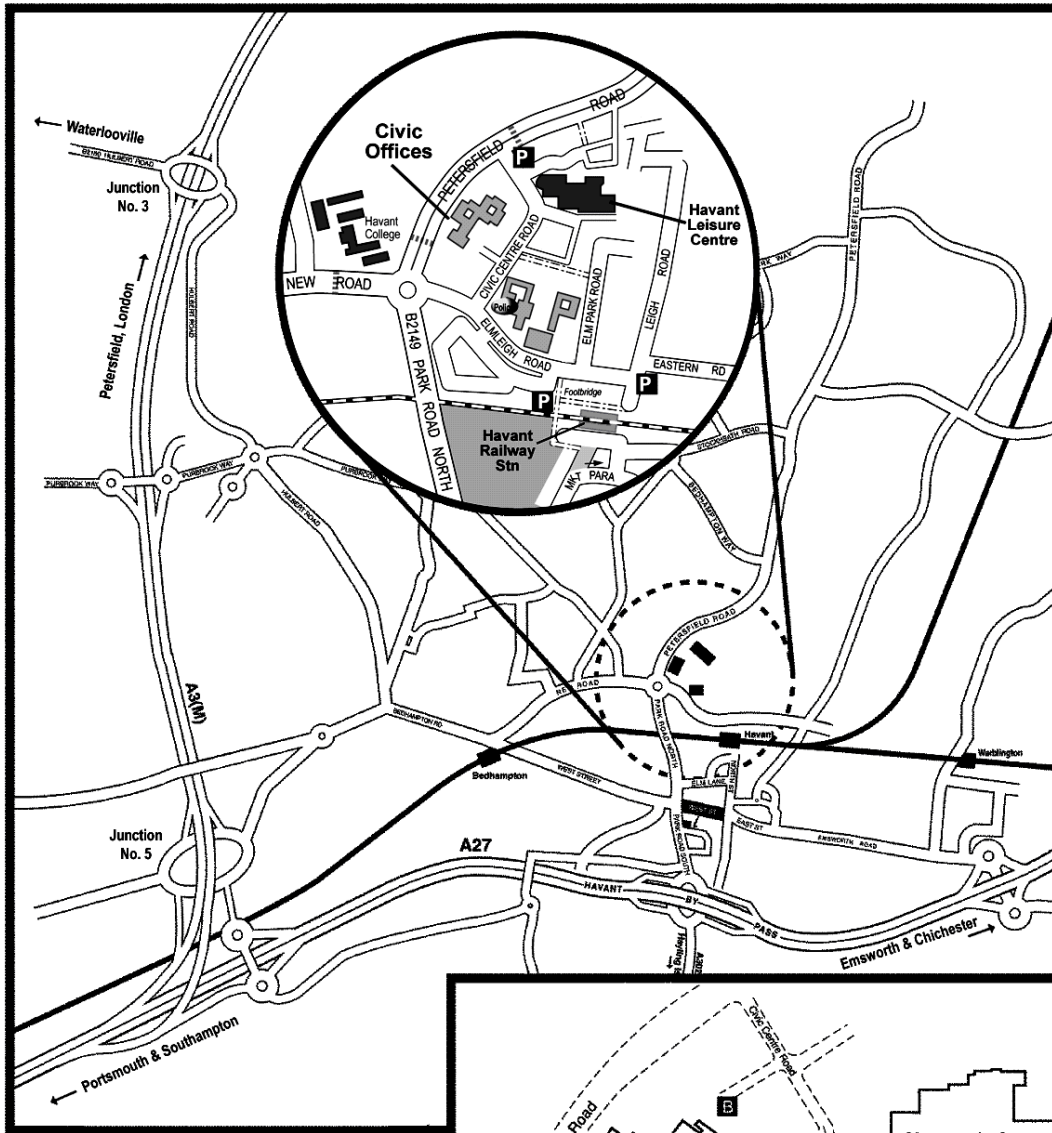
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 Civic Offices, Havant, Hants, PO9 2AX
 Telephone (023) 9247 4174

HAVANT BOROUGH COUNCIL

At a meeting of the Governance, Audit and Finance Board held on 20 June 2018

Present

Councillor Smith K (Chairman)

Councillors Bains, Briggs, Crellin, Hart, Robinson and Shimbart

1 Appointment of Chairman

In the absence of the Chairman, it was

RESOLVED that Councillor Smith be appointed Chairman of the Board for this meeting.

2 Apologies

Apologies for absence were received from Councillors Kennett, Rees and Wade.

3 Minutes

The Minutes of the meeting of the Governance and Audit Committee held on 14 March 2018 were agreed as a correct record and signed by the Chairman.

4 Matters Arising

There were no matters arising.

5 Declarations of Interest

There were no declarations of interests.

6 Chairman's Report

The Chairman had nothing to report.

7 Corporate Governance Policy, Local Code of Corporate Governance & Draft Annual Governance Statement 2017-18

The Committee considered the following policies and statement:

- (a) Corporate Governance Policy
- (b) Local Code of Corporate Governance; and
- (c) The draft Annual Governance Statement.

During the debate, the Board was advised that, in this matter, it was being asked act in its decision-making capacity and consider the governance framework for the Council. When acting in its scrutiny role, the Board would monitor the Council's performance against the governance framework and monitor this framework, to ensure that it was effective and efficient. Members of the Board were reminded that a workshop had been arranged for 23 July 2018 to enable members of the Board to discuss its scrutiny work programme for 2018/19.

In response to questions raised by members of the Board, the officers advised:

- (i) that the format of the quarterly health checks was being reviewed and it was proposed that the new format would be published on the Council's website shortly;
- (ii) that there were no direct budgetary implications arising from the endorsement of these policies;
- (iii) of the Council's risk management arrangements;
- (iv) that the Council was in the process of ensuring that it complied with the new General Data Protection Regulations (GDPR) and that this work was being undertaken within the existing budget;
- (v) that a Privacy Notice required under the new GDPR was being prepared for Councillors by Democratic Services and would be issued shortly; and
- (v) that a business case was being prepared for "Paperless Committees". Councillors were requested to let Democratic Services know if they did not wish to receive paper copies of committee agendas and reports in the future.

RESOLVED that the

- (1) Council be recommended to adopt the Corporate Governance Policy and the Local Code of Governance as submitted
- (2) Annual Governance Statement 2017-18 be endorsed.

Governance, Audit and Finance Board (20.6.18)

The Board was advised that the External Auditors were currently analysing whether the internal control was sufficient to plan their audit and determine the nature, timing and extent of testing to be performed for the External Audit. It was proposed that the results would be submitted to the meeting of the Board on 25 July 2018.

9 Internal Audit Progress Report

There were no matters to report.

10 Monitoring Officer's Report

The Monitoring Officer informed the Committee that there had been no new Code of Conduct complaints received since the last meeting.

11 Review of Councillor Allowances

The Board received a revised Councillor Allowance Scheme, which reflected the changes to the Council's governance arrangements approved by Annual Council on 9 May 2018.

RESOLVED that Council be recommended to approve the revised Councillor Allowance Scheme as submitted.

The meeting commenced at 5.00 pm and concluded at 5.36 pm

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NON EXEMPT

HAVANT BOROUGH COUNCIL

GOVERNANCE, AUDIT AND FINANCE BOARD

25 July 2018

ANNUAL INTERNAL AUDIT REPORT AND OPINION 2017-18

Head of Southern Internal Audit Partnership

ITEM NO. 6

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 the Chief Internal Auditor's opinion on the adequacy and effectiveness of the Council's framework of risk management, internal control and governance for the year ending 31 March 2018.

2.0 Recommendation

2.1 That the Governance, Audit and Finance Board approve the Chief Internal Auditor's annual report and opinion for 2017/18.

3.0 Summary

3.1 In accordance with proper internal audit practices, the Chief Internal Auditor is required to provide a written report reviewing the effectiveness of the system of internal control to inform the production of the Annual Governance Statement.

3.2 The Annual Report for 2017/18 (attached at Appendix 1) provides the Chief Internal Auditor's opinion on the adequacy and effectiveness the Council's framework of risk management, control and governance processes and summarises audit work from which that opinion is derived for the year ending 31 March 2018.

3.3 The Governance, Audit and Finance Board's attention is drawn to the following points:

- Internal audit was compliant with the Public Sector Internal Audit Standards during 2017/18;
- The revised internal audit plan for 2017/18 has been substantially delivered;
- The Council's framework of governance, risk management and management control is considered to be 'Adequate' and audit testing has demonstrated controls to be working in practice; and

- Where internal audit work identified areas where management controls could be improved or where systems and laid down procedures were not fully followed, appropriate corrective actions and a timescale for improvement were agreed with the responsible managers.

4.0 Implications

4.1 Resources:

Internal Audit is provided through the Southern Internal Audit Partnership. The audit plan consisted of 380 audit days and remained 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 05 July 2018.

Appendices: **Appendix 1 – Annual Internal Audit Report and Opinion 2017/18**

Agreed and signed off by Legal Services and Finance: Lydia Morrison – Chief Finance Officer

Contact Officer: Neil Pitman
Job Title: Head of Southern Internal Audit Partnership
Telephone: 01962 845139
E-Mail: neil.pitman@hants.gov.uk

Annual Internal Audit Report & Opinion

2017 - 18

Havant Borough Council



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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 organisations objectives.

2. Internal Audit Approach

To enable effective outcomes, internal audit provide a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

A full range of internal audit services is provided in forming the annual opinion.

The approach to each review is determined by the Head of the Southern Internal Audit Partnership and will depend on the:

- level of assurance required;
- significance of the objectives under review to the organisations success;
- risks inherent in the achievement of objectives; and
- level of confidence required that controls are well designed and operating as intended.

All formal internal audit assignments will result in a published report. The primary purpose of the audit report is to provide an independent and objective opinion to the Council on the framework of internal control, risk management and governance in operation and to stimulate improvement.



3. Internal Audit Opinion

The Head of the Southern Internal Audit Partnership is responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform its' governance statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

In giving this opinion, assurance can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be given, I have based my opinion on:

- written reports on all internal audit work completed during the course of the year (assurance & consultancy);
- results of any follow up exercises undertaken in respect of previous years' internal audit work;
- the results of work of other review bodies where appropriate;
- the extent of resources available to deliver the internal audit work;
- the quality and performance of the internal audit service and the extent of compliance with the Standards; and
- the proportion of Havant Borough Council's audit need that has been covered within the period.

Annual Internal Audit Opinion 2017-18

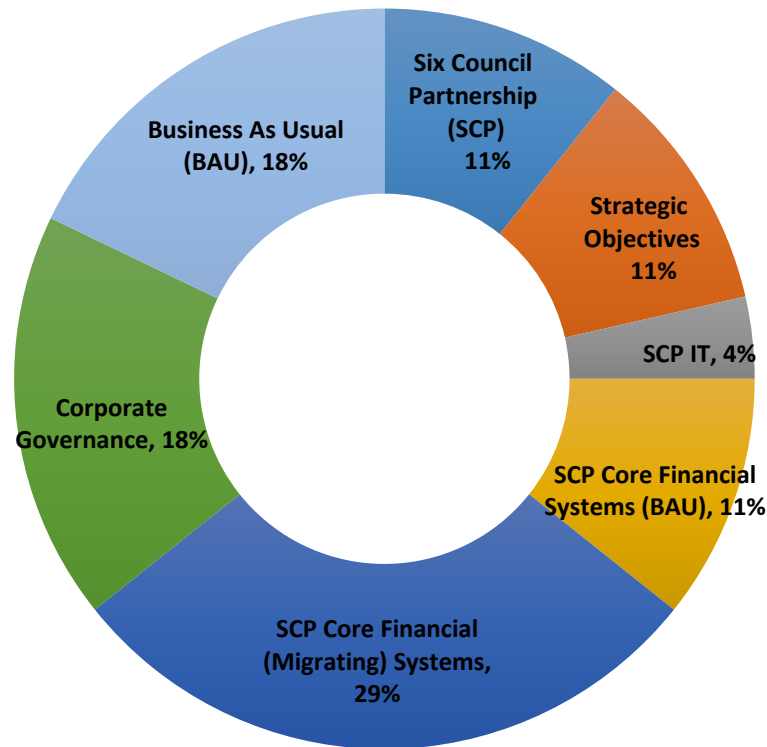
"I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of Havant Borough Council's internal control environment.

In my opinion, Havant Borough Council's framework of governance, risk management and control is 'Adequate' and audit testing has demonstrated controls to be working in practice.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement."

4. Internal Audit Coverage and Output

The annual internal audit plan was prepared to take account of the characteristics and relative risks of the Council’s activities and to support the preparation of the Annual Governance Statement.



Work has been planned and performed so as to obtain sufficient information and explanation considered necessary in order to provide evidence to give reasonable assurance that the internal control system is operating effectively.

The 2017-18 Internal audit plan, approved by the Governance and Audit Committee in March 2017, was informed by internal audits own assessment of risk and materiality in addition to consultation with management to ensure it aligned to key risks facing the organisation.

The plan has remained fluid throughout the year to maintain an effective focus.

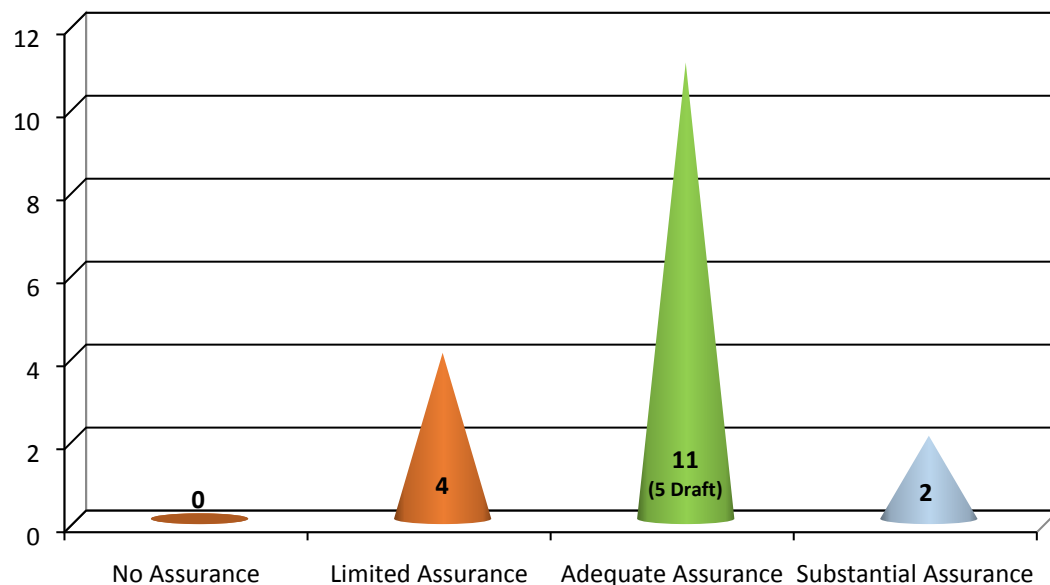
In delivering the internal audit opinion the Southern Internal Audit Partnership have undertaken 28 reviews during the year ending 31 March 2018.

The revised 2017-18 internal audit plan has been delivered with the following exceptions:

- Work is substantially complete and an opinion has been formed for 5 reviews, however, final reports have yet to be agreed;
- Fieldwork remains in progress with the Norse South East assurance mapping exercise.

I do not consider these exceptions to have an adverse impact on the delivery of my overall opinion for the period. The opinion assigned to each internal audit review on issue (including draft reports) is defined as follows:

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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 (es) identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk; or

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

*10 reviews did not culminate in an audit opinion as they relate to work conducted in respect of consultancy, advice, assurance mapping, grant certification or concluded with a position statement.

5. Key Observations

There were no 'No Assurance' opinions issued during the year. In general internal audit work found there to be a sound control environment in place across a majority of review areas that were working effectively to support the delivery of corporate objectives, however, there were issues arising with the governance arrangements for the Six Council Transition to Capita and with some of the Core Financial Systems migrating to Capita during the transition period:-

Limited Opinion 1 - Six Council Transition - Governance Arrangements: A revised governance framework to oversee the transition of services to Capita was agreed in May 2017 however, it had not had time to fully embed and was introduced late in the programme timeline. The new framework introduced oversight arrangements, outlined reporting lines and roles and responsibilities for the programme board however further enhancements were required, particularly in relation to the transparency of key decisions through the introduction of a decision log. Transformation Project Managers had been assigned to each project to assist with delivery, however, at the time of the review had been engaged in helping to identify gaps in the contract provision rather than planning for transition and managing projects.

We found some key opportunities for improvement with the governance framework. The format of the information that was gathered from projects and presented to Programme Board lacked the clarity and timeliness required to enable the Board to have a complete and accurate view of the status of all aspects of the programme and to make fully informed decisions. Delays were found in assessing emerging risks and deciding which need to be reviewed by the Programme Board - the timescales of the programme were such that near immediate actions to address concerns were required. A clear action plan was developed and implemented to address the issues identified.

Limited Opinion 2 - Treasury Management: The review found three cash investments pre-dating the current Chief Financial Officer (CFO) that were outside of the parameters defined in the approved Treasury Management Strategy and the interest payments for one of these investments between April to December 2017 were not in line with the documented rate. Following the transfer of staff to Capita, the audit identified 4/10 investments had been approved by Capita staff instead of the CFO. Additionally the CFO was not receiving reports on investments (e.g. total invested in each institution) to enable appropriate decision making and compliance with the Treasury Management Strategy.

Limited Opinions 3 & 4 - Main Accounting and Management Reporting: The review was undertaken during the a period of significant transition in which Council Employed staff had transferred to Capita; hosting of the legacy financial system moved from Hampshire County Council to Civica (the financial system provider); whilst Capita and Council retained staff were migrating the Council to the new Capita system for the start of 2018/19. As a result of the changes, there was a loss of knowledge and continuity of process. Additionally supporting information to evidence the control framework was not always available.

There was a lack of clarity over roles and responsibilities and the budget monitoring process and forecasting was not as robust as it had been in previous years. Following the transfer of staff, Monthly Service Packs continued to be produced but not to timescales and Capita staff lost the ability to hard close accounting periods once the system hosting moved to Civica. Additionally the controls surrounding system accesses were not as robust as the controls previously in operation.

6. Anti Fraud and Corruption

The Council is committed to the highest possible standards of openness, probity and accountability and recognises that the electorate need to have confidence in those that are responsible for the delivery of services. A fraudulent or corrupt act can impact on public confidence in the Council and damage both its reputation and image. Policies and strategies are in place setting out the Council's approach and commitment to the prevention and detection of fraud or corruption. An overview of Internal Audit activity is provided in the Annual Fraud Report 2017-18.

7. Quality Assurance and Improvement

The Quality Assurance and Improvement Programme (QAIP) is a requirement within 'the Standards'.

The Standards require the Head of the Southern Internal Audit Partnership to develop and maintain a QAIP to enable the internal audit service to be assessed against the Standards and the Local Government Application Note (LGAN) for conformance.

The QAIP must include both internal and external assessments: internal assessments are both on-going and periodical and external assessment must be undertaken at least once every five years.

In addition to evaluating compliance with the Standards, the QAIP also assesses the efficiency and effectiveness of the internal audit activity, identifying areas for improvement.

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

In considering all sources of evidence the external assessment team concluded:

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

There are no instances across these standards where we determined a standard below “generally conforms”, and 4 instances where the standard is assessed as “not applicable” due to the nature of SIAP’s remit.”

In accordance with PSIAS, annual self assessment have been completed since the external inspection concluding that the Southern Internal Audit Partnership continues to comply with all aspects of the IPPF, PSIAS and LGAN.

8. Disclosure of Non-Conformance

In accordance with Public Sector Internal Audit Standard 1312 [External Assessments] which requires ‘an external quality assessment to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside of the organisation’ I can confirm endorsement from the Institute of Internal Auditors that

‘the Southern Internal Audit Partnership conforms to the, Definition of Internal Auditing; the Code of Ethics; and the Standards’

There are no disclosures of Non-Conformance to report.

9. Quality control

Our aim is to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. In complementing the QAIP this was achieved in 2017-18 through the following internal processes:

- On-going liaison with management to ascertain the risk management, control and governance arrangements, key to corporate success;
- On-going development of a constructive working relationship with the External Auditors to maintain a cooperative assurance approach;
- A tailored audit approach using a defined methodology and assignment control documentation;
- Review and quality control of all internal audit work by professional qualified senior staff members; and
- A self-assessment against the Public Sector Internal Audit Standards.

10. Internal Audit Performance

The following performance indicators are maintained to monitor effective service delivery:

Annual performance indicators			
Aspect of service	Target		2017-18 Actual
Revised plan delivered (including 2016/17 c/f)	95%	✓	96 %
Positive customer responses to quality appraisal questionnaire *	95%	✓	96 %
Compliant with the Public Sector Internal Audit Standards	Yes	✓	Yes

*Customer satisfaction has been assessed through response to questionnaire issued to a wide range of stakeholders including Members, senior officers, key contacts and SIAP staff. 17/18 actual are based on a February 2017 questionnaire

11. Acknowledgement

I would like to take this opportunity to thank all those staff throughout Havant Borough Council with whom we have made contact in the year. Our relationship has been positive and management were responsive to the comments we made both informally and through our formal reporting.

Neil Pitman
Head of Southern Internal Audit Partnership
June 2018

NON EXEMPT

HAVANT BOROUGH COUNCIL

GOVERNANCE, AUDIT AND FINANCE BOARD

25 July 2018

ANNUAL FRAUD REPORT 2017-18

Head of Southern Internal Audit Partnership

ITEM NO. 7

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 outcomes against the 2017-18 Fraud Plan.

2.0 Recommendation

2.1 That the Governance, Audit and Finance Board note the Chief Internal Auditor's annual fraud report 2017-18 attached as Appendix 1.

3.0 Summary

3.1 The CIPFA Code of Practice on Managing the Risk of Fraud & Corruption sets out the principles that define the governance and operational arrangements necessary for an effective counter fraud response.

3.2 It is these principles that underpin the Southern Internal Audit Partnership's approach to support the management of the risk of fraud and corruption within Havant Borough Council.

3.3 In accordance with the CIPFA Code of Practice an annual report (attached) is presented to provide those charged with governance with an overview of counter fraud activity during the year ending 31 March 2018.

4.0 Implications

4.1 Resources:

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

4.2 Legal:

Internal audit in liaison with the S151 Officer and the Monitoring Officer will liaise as required with the police dependent on the type and nature of investigation/ allegation.

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 05 July 2018.

Appendices: **Appendix 1 – Annual Fraud Report 2017-18**

Agreed and signed off by Legal Services and Finance: Lydia Morrison – Chief Finance Officer

Contact Officer: Neil Pitman
Job Title: Head of Southern Internal Audit Partnership
Telephone: 01962 845139
E-Mail: neil.pitman@hants.gov.uk

Annual Fraud Report

2017 - 18

Havant Borough Council



**Southern Internal
Audit Partnership**

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1. Forward

Leaders of public service organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

Published in October 2014, the CIPFA Code of Practice on Managing the Risk of Fraud & Corruption sets out the principles that define the governance and operational arrangements necessary for an effective counter fraud response.

It is these principles that underpin the Southern Internal Audit Partnership’s approach to support the management of the risk of fraud and corruption within Havant Borough Council.

Havant Borough Council promotes a zero tolerance culture to fraud and corruption:

‘The Council will not tolerate fraud or corruption in the administration of its responsibilities, whether from inside or outside of the Council....’
(HBC - Anti Fraud & Corruption Policy)

The Council maintains a suite of strategies and policies to support the effective management of the prevention, detection and investigation of fraud and corruption (Anti Fraud & Corruption Policy; Anti Fraud & Corruption Response Plan; Whistleblowing Policy; Anti Bribery Policy and Anti Money Laundering Policy).

Counter-fraud activity during the year has delivered a programme of proactive and reactive work to complement the internal audit strategy and annual plan focusing resource against assessed fraud risks in addition to new and emerging threats.



2. Reactive Fraud Activity

The Southern Internal Audit Partnership work with Havant Borough Council in the effective review and investigation of any reported incidents of fraud and irregularity. All such reviews are undertaken by professionally accredited (CIPFA CCIP) staff, in accordance with the Council's Anti Fraud & Corruption Policy and Response Plan.

Recent history has demonstrated that given the size and diversity of the organisation, relatively low levels of activity have been required in respect of reactive fraud work in Havant Borough Council. This has continued as a trend in 2017/18 with no instances of reported fraud or irregularity to Southern Internal Audit Partnership for investigation.

During the course of 2017/18 Southern Internal Audit Partnership have not been required to undertake any reactive investigation work.

3. Proactive Approach

Whilst the established process to reactive fraud assists the Council in responding to notified incidents or suspicions of fraud and irregularity, it is equally important to ensure proactive initiatives are appropriately explored to understand, prevent and detect fraud risks across the organisation. Initiatives and subsequent outcomes during the year included:

Mobile Devices – During the year we have conducted a review of the control and usage of mobile devices. Overall the review found that an adequate system of control was in place, however, a number of actions were raised to further enhance the framework of control.

Fraud Awareness Training – During the year we have conducted a series of general fraud awareness training sessions with senior managers and Governance & Audit Committee Members. These sessions were designed to provide broad information on key fraud risk areas within the local government environment, the key indicators for fraud and management tools that should be in place to manage the risk of fraud.

National Fraud Initiative (NFI) - The NFI is a statutory exercise facilitated by the Cabinet Office that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Public sector bodies are required to submit data to NFI on a regular basis (every two years). The last NFI data upload was carried out in October 2016 with match reports received and disseminated to key contacts in January 2017. The outcomes of NFI work across Havant Borough Council is summarised below:

Dataset	Recommended Matches	Matches Reviewed (in progress)	Fraud/irregularities Identified	Value (£)	Recovered (£)
Housing Benefits	35	454 (3)	1	5,810.47	On-going
Payroll	1	26	0	0	
Insurance Claimants	0	0	0	0	
Housing Waiting List	233	241	0	0	
Council Tax Reduction Scheme	35	742 (6)	11	23,471.63	On-going
Creditors	8	13	0	0	
Council Tax to Electoral Register	2050*	28 (3)	0	0	
Council Tax Rising 18s	283*	14 (20)	3	1,183.71	On-going
Council Tax to Other Datasets	5525*	12	0	0	
Total	8,170	1,530 (32)	15	30,465.81	

*Service provided by the Capita Council Tax Team. The apparent lack of progress has been highlighted to the relevant Head of Service who will look to resolve with the Service Provider. Council Tax datasets are not divided into recommended / other matches

A further NFI data upload will be carried out in October 2018 and new match reports available for review in January / February 2019. Service areas will continue to work on existing matches received from the 2017 match reports that have yet to be reviewed.

Joint Working Initiatives – During the year (October 2017) all local authorities took receipt of a joint correspondence from the DCLG and DWP to complete an expression of interest for an initiative to work with Government to more efficiently and effectively fight local fraud and corruption.

The initiative builds on DWP’s work with council fraud teams, on joint criminal fraud investigations of the Council Tax Reduction Scheme (CTRS) and Social Security benefit fraud within Unitary and Tier 2 councils.

DWP’s Joint Working project team continue to develop the principles of including other types of local authority (incl. county council payments) within joint criminal fraud investigations and work is underway to establish the extent of data sharing and disclosure allowed under existing legislation in order to expand the scope further.

We look forward to working with colleagues across Government throughout 2018/19 as initiatives and opportunities present.

4. Ongoing initiatives

We have maintained a number of initiatives throughout the year to ensure internal audit remains responsive to the fraud needs of the Council and maintain consistently high standards:

- Fraud Awareness Bulletin’s, providing oversight of emerging fraud risk threats and advice;
- Completion and receipt of outcomes from the CIPFA Fraud Survey;
- Compliance with the Public Sector Internal Audit Standards;
- Networking with key fraud Hubs (South East Hub, Hampshire Fraud Group);
- Discharge responsibilities within the Council Whistle blowing policy

5. Acknowledgement

I would like to take this opportunity to thank all those staff throughout Havant Borough Council with whom we have made contact in the year. Our relationship has been positive and management were responsive to the comments we made both informally and through our formal reporting.

Neil Pitman
Head of Southern Internal Audit Partnership
June 2018

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NON EXEMPT

HAVANT BOROUGH COUNCIL

GOVERNANCE, AUDIT & FINANCE BOARD

25 JULY 2018

ANNUAL GOVERNANCE STATEMENT 2017-18

Will Jackson, Transformation Project Manager, Performance

FOR DECISION

Portfolio: Deputy Leader of the Council and Cabinet Lead for Finance and Regeneration. Councillor Tim Pike

Chief Finance Officer: Lydia Morrison

Key Decision: No

1.0 Purpose of Report

- 1.1 Good business practice is to ensure robust policies and systems are in place and that annual reviews of governance arrangements take place. This report is submitted to the Governance, Audit & Finance Board for decision on the Annual Governance Statement 2017-18.
- 1.2 Governance, Audit & Finance reviewed a draft of the Annual Governance Statement at its meeting on 20 June 2018. Comments from that meeting have been incorporated into the attached final version of the Annual Governance Statement.

2.0 Recommendation

- 2.1 Governance, Audit & Finance Board is recommended to approve the Annual Governance Statement 2017-18 at Appendix A.

3.0 Executive Summary

- 3.1 The CIPFA/SOLACE framework 'Delivering Good Governance in Local Government' urges local authorities to review the effectiveness of their existing governance arrangements against their Local Code of Corporate Governance, and prepare a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.
- 3.2 The Annual Governance Statement 2017/18 at Appendix A details the Governance Framework, including the key elements of the Council's

governance arrangements, the review of framework outlining the annual review process and overall opinion, and further improvement areas.

- 3.5 In terms of overall corporate governance it is the Chief Executive's and Chief Finance Officer's opinion that the overall governance arrangements of the Council are considered sound. The Annual Governance Statement is informed by the self-assessment of compliance against the principles by the Transformation Project Manager - Performance, the work of Internal Audit and External Audit. The Havant Borough Council Annual Governance Statement 2017-18 will be published as part of the Annual Statement of Accounts which are also being considered by the Board.
- 3.6 Part of the Governance and Audit Board's remit is to assess the effectiveness of internal controls, risk management, and governance arrangements in place and this includes to be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the authority's objectives¹

4.0 Additional Budgetary Implications

- 4.1 None

5.0 Background and relationship to the Corporate Strategy and Directorate Business Plan/s

- 5.1 Corporate Governance comprises the systems and values by which Havant Borough Council is directed and controlled and through which it is accountable. To demonstrate compliance with the principles of good corporate governance, Havant Borough Council must ensure that it does the right things and in the right way. The Council must also ensure that this is done in a timely, inclusive, open, honest and accountable manner.

6.0 Options considered and reasons for the recommendation

- 6.1 A new 'CIPFA/SOLACE Framework' was published in 2016 to ensure it remains fit for purpose, which applies to Annual Governance Statements prepared for the financial year 2017/18 onwards. The revised Framework defines the seven core principles of good governance.
- 6.2 The Framework urges local authorities to review the effectiveness of their existing governance arrangements against their Local Code of

¹ CIPFA guidance note for local authorities 'Audit Committees' (2013)

Corporate Governance and prepare a governance statement and report compliance on an annual basis.

7.0 Resource Implications

- 7.1 Financial Implications - none
- 7.2 Human Resources Implications - none
- 7.3 Other Resource Implication - none

8.0 Legal Implications

- 8.1 None. The publication of the Annual Governance Statement details the Governance Framework, including the key elements of the Council's governance arrangements.

9.0 Risks

- 9.1 The document is a vital part of ensuring that Council business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 9.2 Failure to produce and report these documents would carry the risk that the Council was failing in its duty to evidence that it was operating in accordance with the law and proper standards and that public money is safeguarded and properly accounted for.

10 Consultation

- 10.1 The Annual Governance Statement have been shared with relevant Heads of Service and Executive Board. The draft of the Annual Governance Statement has also been shared with External Audit. The Board also reviewed an earlier draft of the Annual Governance Statement at its meeting in June 2018.

11 Communication

- 11.1 The Corporate Governance Policy, Local Code of Corporate Governance and Annual Governance Statement will all be published on the website alongside the final version of the Statement of Accounts 2017-18.

Appendices:

Appendix A – Annual Governance Statement 2017-18

Background Papers: *None*

Agreed and signed off by:

Monitoring Officer: 17 July 2018

S151 Officer: 17 July 2018

Contact Officer: Will Jackson

Job Title: Transformation Project Manager: Performance

Telephone: 02392 446269

E-Mail: william.jackson@havant.gov.uk



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2017/18

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Introduction

The Leader of the Council (Councillor Michael Wilson) and Chief Executive (Sandy Hopkins) both recognise the importance of having good systems in place to manage and deliver services to the residents of Havant Borough. Each year the Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements have been working.

This AGS is in respect of 2017/18. The Council also publishes an Annual Report which provides further information on the opportunities and challenges faced by the Council.

The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values, by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves. The framework brings together an underlying set of legislative requirements, good practice principles and management processes and enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

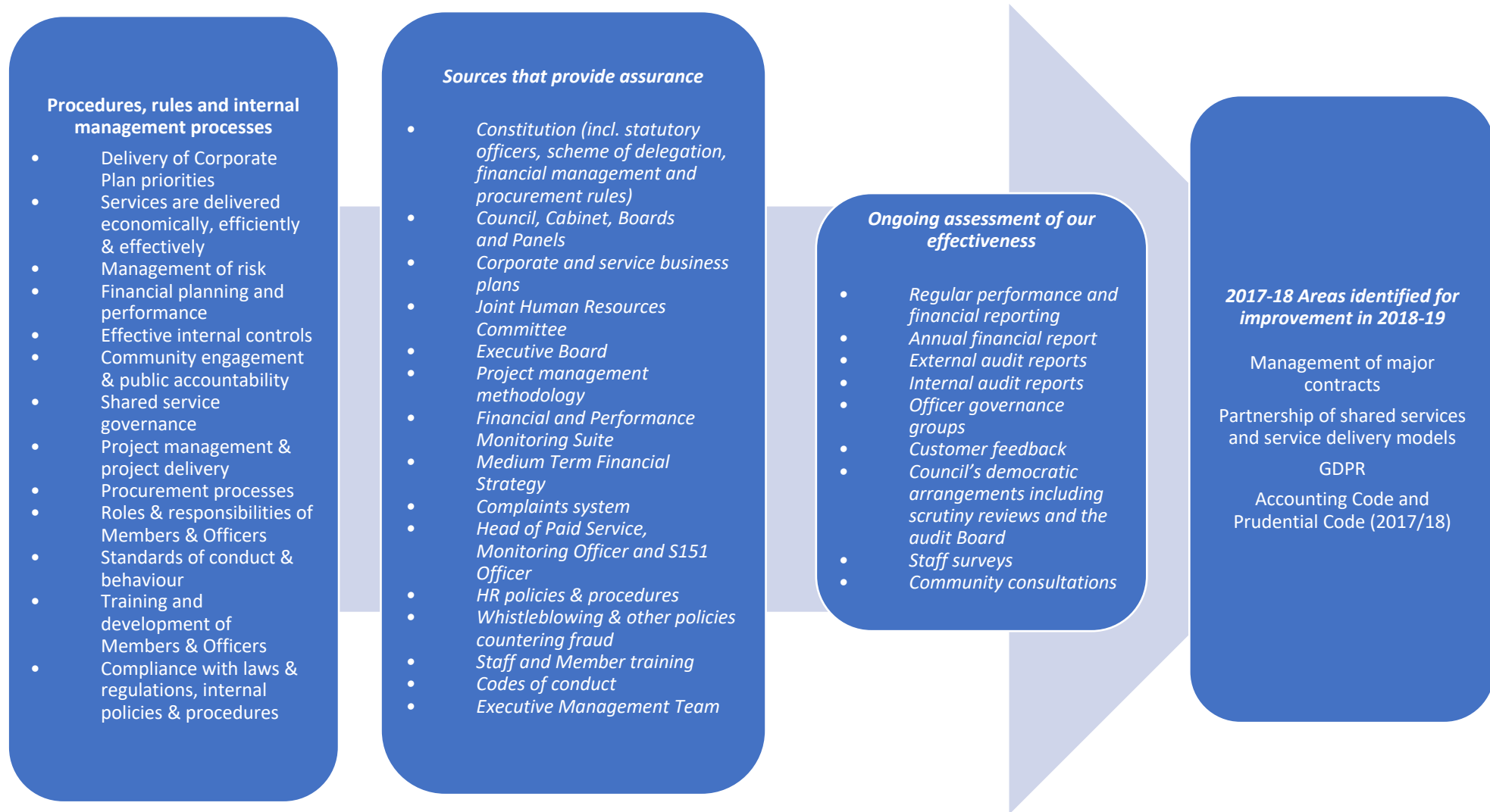
The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, and seeks to provide reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify, prioritise and manage the risks to the achievement of the Council's aims and objectives.

The governance framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The Framework recognises that the Council's business is focussed upon its corporate priorities and seeks to facilitate delivery to our local communities.

The structures and processes, risk management and other internal control systems, such as standards of conduct, form part of this Framework, which is about managing the barriers to achieving the Council's objectives. Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. This task is managed by the Executive Board which comprises the Chief Executive, Executive Directors, Chief Finance Officer (Section 151 Officer) with advice and guidance provided by the Monitoring Officer. The Council has designed systems and processes to regulate, monitor and control its activities in order to achieve its vision and objectives.

How we do we know it is working?

The annual process that we use to maintain and review effectiveness of our governance arrangements includes a wide input.



How we apply the Governance Framework to the Local Code of Corporate Governance

The Council aims to achieve effective corporate governance and the way in which the council meets the principles of good governance is outline below:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

There are codes of conduct in place for all Councillors and Officers. The Council has appointed independent persons to investigate any allegations of misconduct, and the Governance, Audit and Finance Board receives regular reports from the Monitoring Officer on complaints regarding Councillors.

The Council's Constitution contains the standing orders, scheme of delegation, financial regulations and contracts procedure rules. The Constitution also contains the policies for anti-fraud and corruption, anti-bribery and whistleblowing.

All Council employees have clear conditions of employment, and roles and responsibilities are set out in job descriptions.

There is a requirement for Councillors to make a Declaration of Disclosable Pecuniary Interests within 28 days of taking office and to notify the Council of any changes to the interests made in this declaration within a specified time period.

Councillors must also disclose interests which are not registered but which are relevant to matters to be discussed at a meeting of the authority. Councillors are barred from participating in any discussion in, or vote on, the matter in relation to which the member has a disclosable pecuniary interest. There is an up-to-date register of gifts and hospitality and minutes show declarations of interest were sought and appropriate declarations made.

The Council has in place a complaints procedure including weekly reminders to relevant managers responsible. The Council has a shared Monitoring Officer with East Hampshire District Council and as a member of the Executive Board he is kept appraised on the Council's projects and actions and is ultimately responsible for legal compliance.

Statutory officer roles are the Chief Executive, as Head of Paid Service, the S151 Officer, who carries overall responsibility for the Council's financial administration and is a member of the Executive Board, and the Monitoring Officer, who is to ensure that the Council, its officers and elected Councillors, maintain the highest standards of conduct in all they do.

All three roles are shared with East Hampshire District Council.

2. **Ensuring openness and comprehensive stakeholder engagement**

The Council has laid out its purpose, direction, vision and objectives in its Council Corporate Strategy which can be obtained either on the Council's website¹ or from the Council's offices. The Council Corporate Strategy is comprehensively reviewed regularly, and is underpinned by the key themes of: Financial Sustainability; Economic Growth; Public Service Excellence; Environmental Sustainability; and Creativity and Innovation. Business plans are prepared to support the Corporate Strategy.

The Council is committed to transparency and an open culture and publicises information in line with the publication scheme under the Freedom of Information Act. In addition, we subscribe to the Government's transparency agenda and publish information such as remuneration for senior management, and information on items of expenditure over £500.

The Council's democratic function is responsible for ensuring agendas and key decisions are published in line with the statutory legal requirements. They are also responsible for supporting the scrutiny function of the Council and publishing a corporate calendar of dates annually.

The Council carried out a residents' survey in 2016 the results of which were shared with Service Heads to inform their services to residents. The next residents survey is due to take place in summer 2018. In addition to the publication of the residents' magazine, called 'Serving You', the Council has a Facebook page and Twitter feed which is actively promoted and used.

The Council has a Joint Venture with Norse (Norse South East) for waste collection which is governed by the Norse South East Board which has members from Norse Commercial Services and the Council on the Board. Norse South East is responsible for the procurement and efficient management of waste and recycling collections, street cleaning, public convenience cleansing, grounds maintenance and associated service facilities for the treatment and disposal of residual waste.

3. **Defining outcomes in terms of sustainable economic, social and environmental benefits**

The Council takes an annual approach to business planning, allowing a close link between business and financial planning. The Financial Management Strategy is reviewed annually and forms the basis of the annual budgeting process. The Council's operational services are divided into Directorates. Business plans for each directorate are agreed annually and identify objectives and targets for all services. The Directorate Key Performance Indicators are monitored corporately. Monthly financial forecasts are submitted to the Executive Board and quarterly to Councillors alongside the Performance Indicator information.

¹ <http://www.havant.gov.uk/corporate-strategy-2015-20>

The Council's budget report contains a summary of the budget that has been set for Havant Borough Council for 2017/18, as approved by the Council on the 22nd February 2017. It shows on what service areas money is spent, and how this expenditure is funded. Also within this document is information showing the forecast financial position over the next three years, taking into account changes in government funding, other income and spending.

The Council uses evidence based insight to inform decision making and uses the data available to understand residents and local businesses better, for example through the development of the draft Local Plan consultation responses have been used as the evidence base for the plan. The Council is committed to consulting with and engaging with residents and local businesses in the planning and delivery of services to meet the needs of the Community.

4. **Determining the interventions necessary to optimise the achievement of the intended outcomes**

Public Accountability is the way in which the Council engages with local stakeholders to ensure robust public accountability. The Council's Corporate Strategy is formulated following the results of a survey which seeks feedback from the public, Councillors, staff and other key stakeholders. The Council has a Medium Term Financial Strategy which is available on the Council's website, which is used to align resources to key priorities. The Council has report templates to ensure authors cover all the requirements to enable a decision to be made; they include options appraisal (if required), cost and risk analysis in addition to key signatories such as legal and finance and must include the portfolio holder.

All decision-making meetings are held in public and decisions made by Cabinet members and officers are published in line with the statutory legal requirements, although some items are considered as exempt. Minutes of all Council meetings are made available to the public, and members of the public have the opportunity to contribute to Council meetings. The Council has a complaints and feedback system, which records and monitors customer comments, complaints and requests for information.

5. **Developing the Councils capacity, including the capability of its leadership and the individuals within it**

The Council has a joint management team with East Hampshire District Council. This management team is made up of the Chief Executive, Chief Finance Officer, two Executive Directors and the Heads of Service, most of which are shared with East Hampshire District Council. The Waste Collection service is provided in a Joint Venture with Norse (Norse South East). The costs of all shared management posts are shared between the Councils.

A number of the Council's corporate services are delivered through the 5 Councils Partnership with Capita which is governed via a shared Client Team.

The Council has a performance management framework, this includes induction and performance appraisal processes for all employees. Training programmes are identified for officers as part of the performance appraisal process. This information is fed into the Corporate Training Programme. In 2017-18 mandatory e-learning for staff on data protection and fraud awareness, safeguarding and equalities and diversities has been undertaken.

Following the Borough Council Elections, all Councillors are required to undertake a comprehensive and compulsory training programme. This includes Planning training, Code of Conduct training and Licensing training. Councillors are not allowed to sit on the Planning or Licensing Committees until such training has been undertaken. The training programme ensures that they have an understanding of the procedures and protocols of the Council.

In addition to the compulsory training, a series of other courses and events are also offered. Under the Councillor Development Programme, during the course of a Councillor's four year term of office, regular skills audits are undertaken to identify any new skills requirements or refresher training requirements.

6. **Managing the risks and performance through robust internal control and strong public financial management**

The Council ensures that the roles and responsibilities for decision making and governance arrangements are defined and allocated, so that there is clear accountability for decisions made and actions taken. The Council does this by appointing a Leader and a Cabinet, which allocates specific executive responsibilities.

There are also a number of Boards appointed to discharge regulatory and scrutiny functions. Each Board has a clear terms of reference setting out roles and responsibilities. All leadership roles, the roles of key officers and the Council's Scheme of Delegation are set out within the Council Constitution.

The Cabinet operates within the policy framework set by Full Council, and makes key decisions. All Cabinet meetings are held in public, with the exception of exempt items. All decision records are publicly available, and the Forward Plan is published on the Council website. Decisions made by Cabinet can be called in for review by the Governance, Audit and Finance Board. Decisions can also be made by officers under delegated powers and reported to Councillors in line with the Council Constitution. Authority to make decisions is given in the Scheme of Delegation and by specific delegation by Cabinet or Council.

Risk is considered and recorded as part of the business planning process, and monitored throughout the year as part of the quarterly review of performance and financial management (quarterly healthcheck). The Council has a wide range of performance indicators, which are used to measure progress against the Council's priorities. Performance indicators are reported quarterly to the Executive Board and informally to the

Cabinet. Performance indicators clearly link individual services to the corporate objectives and include details of national and local performance indicators and risk. Individual performance plans link to directorate business plans and the Corporate Strategy. Performance Indicators are reviewed annually as part of the business planning process to ensure they continue to be relevant and stretching.

Establishment of Corporate Governance Board with an objective of providing a pragmatic layer of assurance to the business. Specifically, the Corporate Governance Board ensures that the organisation develops and implements an effective approach to corporate governance which enables the business and affairs of the Council to be carried out, directed and managed with the objective of enhancing value to the public. This will be underpinned by the Local Code of Corporate Governance. In addition, the Corporate Governance Board is responsible for ensuring that an adequate risk management framework and associated control environment exists within the Council, and for monitoring the arrangements in place for the identification, monitoring and management of risks.

The Council utilises the LG Inform tool which allows for benchmarking and data sharing against other local authorities across the country.

The Council has in place a number of policies and procedures to ensure decisions made are robust. These are included in the Finance and Contracts Procedure rules in the Constitution. Compliance with these policies is the responsibility of all officers.

7. **Implementing good practices in transparency reporting, and audit to deliver effective accountability**

The Council produces an annual report which can be found on the Council's website². The report not only shows the council's successes of the last financial year, but highlights the direction of travel for our future. The Council publishes the Statement of Accounts annually within the statutory timescales. Accounting Statements incorporate the full requirements of best practice guidance.

The Council has a Governance, Audit and Finance Board to provide assurance to the Council on the effectiveness of Internal Audit and the robustness of the Council's Annual Accounts. Risk management is controlled through the Corporate Governance Board and reported to Executive Board through the corporate governance report and quarterly healthcheck. Risks rated as above the risk threshold are reported as part of the quarterly healthcheck to Councillors.

Full Council is responsible for agreeing new policies and amendments to existing policies. It also sets out the policy and budget framework, and approves the annual budget. Governance, Audit and Finance Board approves the Statement of Accounts.

² <https://www.havant.gov.uk/annual-report>

The Council is subject to independent external audit currently by Ernst & Young. The External Audit plan outlines the work undertaken and the timing of external audit reports. The Council supplements this work with an internal audit service sourced through the Southern Internal Audit Partnership. The Governance, Audit and Finance Board undertake the core functions of an audit committee.

The Council has appointed the Chief Finance Officer as the Section 151 Officer with the statutory responsibility for the proper administration of the Council's financial affairs. The Internal Audit service has an annual audit plan based on a risk analysis carried out by the auditors each spring. This minimises the risk of fraud and error, and provides management with assurance that policies and procedures are robust.

Review of effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- The Council's Internal Audit provided by the Southern Internal Audit Partnership which is hosted by Hampshire County Council. An audit plan, based on a full risk evaluation, is approved annually. Progress against the audit plan is reported quarterly to the Governance, Audit & Finance Board. Any outstanding high risk actions are addressed as a matter of priority.
- The Council's External Audit requirement provided by Ernst & Young LLP. The role of External Audit is to ensure that the Council's Accounts are free from material error, to provide a value for money conclusion and to certify key grant claims.
- Regular reporting arrangements on the financial affairs of the Council. The budget for 2017/18 was agreed by Full Council in 22nd February 2017 and financial performance reported on a quarterly basis to Members.
- The Corporate Governance Board quarterly report to the Executive Board on governance matters covering risk, health and safety, business continuity, emergency planning, information risk and financial risk and updates are provided to Members through the quarterly healthcheck.
- Effective operation of the Performance Management Framework throughout the year. Monitoring information on key areas of performance has been provided by the Programme Office for review and action.
- The Council's Monitoring Officer's legal responsibility to look into matters of potential unlawfulness within the Council. In 2017/18 the Monitoring Officer continued his review of the efficiency and effectiveness of all arrangements relating to Council and Board meetings, working groups, and the required officer support.

- The monitoring role of the Governance, Audit and Finance Board to monitor standards of conduct of Members and advised the Council on probity issues. Entries made in the Register of Members' Interests were reviewed by the Monitoring Officer.
- Ensuring alignment with the Code of Practice on Local Authority Accounting for 2017/18. Havant Borough Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the CFO in Local Government (2016).
- The maintenance of the Council's Constitution which was last reviewed in 2016/17 and approved at the start of the 2017/18 municipal year. The Constitution is reviewed on an annual basis.
- The Governance, Audit and Finance Board review of the elements of the governance framework to ensure they are in place and effective. In 2018/18 they also reviewed the system of internal audit and concluded it was effective and remained a key source of assurance for the Council.

The Council's Governance, Audit and Finance Board is also responsible for monitoring, scrutinising and holding the decision makers to account. It meets five times per year as the Council's official audit committee. The Board ensures that the Internal and External Audit reports it receives are robust. In addition the Board's scrutiny function provides the Council with a mechanism to challenge decision makers and hold them to account. The Development Policy and Affordable Housing Panel is responsible for advising on Council Development Policy.

The Southern Internal Audit Partnership delivered 28 review areas over the course of the year ending 31 March 2018 including all carry forward reviews. The Chief Internal Auditor's opinion of Havant's framework of governance, risk management and management control is 'Adequate' and audit testing has demonstrated controls to be working in practice.

During 2017-18 a Corporate Governance Board was set up providing assurance to the Executive Board on all risk matters including regulatory, e.g. Health and Safety, Business Continuity, Emergency Planning, Information Risk and Financial Risk. The Board also ensures internal controls are in place and monitored effectively and it provides quarterly reports to Executive Board on its findings.

In September 2017 the Council's external auditor (Ernst & Young LLP) provided the Council with an unqualified opinion on the Council's accounts within their Audit Results Report. Ernst & Young LLP also provided an unqualified opinion of the Council's arrangements to secure Value for Money.

Responsible Finance Officer

The Chief Finance Officer is the Responsible Financial Officer and is a member of the Executive Board. They are responsible for delivering and overseeing the financial management arrangements of the Council. Havant Borough Council shares a Chief Finance Officer with East Hampshire District Council. The Chief Finance Officer reports directly to the Chief Executive.

Last year's key improvement area

In the 2016/17 Annual Governance Statement, four key issues were identified. Below are the issues and actions taken during 2017/18.

Improvement area	Issue of concern	Action taken
Preparation for General Data Protection Regulation (GDPR)	The Council needs to ensure it can demonstrate compliance for GDPR by May 2018	<ul style="list-style-type: none"> • Information Data Audit for all Council Services carried out and a Register of Processing Activities created • Website pages under construction relating to GDPR and Privacy Service Specific Privacy Notices under construction by each service • Role of the Data Protection Officer (DPO) to be appointed by 25 May 2018 • Training for all staff on Data Protection, Data Security carried out in 2017/18 • GDPR E-Learning will be rolled out to all staff early in 2018/19 • Audit by Internal Audit has indicated that Council's implementation is sound and the 12 steps as advised by the ICO are appropriately covered
As a result of an internal audit on the Information Governance Function the audit report was deemed 'Limited Assurance'	A number of actions were identified including staff training and a review of key policies	<ul style="list-style-type: none"> • Follow up audit completed in 2017/18 to review actions from 2016/17 audit. 13 of 19 management actions complete. There are six actions outstanding, none of which are classified as high priority. All actions still outstanding are directly linked to implementation process and timescales of GDPR • FOI/EIR training for key staff took place in October 2017 • Website updated with key information • Intranet updated with guidance for staff • Data Protection Policy updated
The Council's Local Code of Corporate Governance needs to be reviewed in line with the new principles	To ensure that it describes the Council's governance framework and the arrangements through which this is delivered	<ul style="list-style-type: none"> • Local Code of Corporate Governance drafted and shared with Heads of Service • Heads of Service provided input on evidence against principles • Executive Board approved the Local Code of Governance

		<ul style="list-style-type: none"> • Governance, Audit & Finance Board approved the Local Code of Corporate Governance on 20 June 2018
Six-Councils	The Council's shared service arrangements are still developing and the project is strategically important – both in terms of improving service outcomes and the delivery of financial savings	<ul style="list-style-type: none"> • All management actions were progressed and completed during the year with respect to governance arrangements • Further review by Internal Audit scheduled to take place in 2018/19

Six-Councils shared services

In 2016 the Council agreed to work with Hart District Council, Mendip District Council, South Oxfordshire District Council and Vale of White Horse District Council to secure better value for money services for residents through shared contracts. Whilst no issues arose for inclusion in the 2015/16 AGS during the period 2016/17 a number of issues were identified with regard to governance. A review of the governance arrangements took place and a new governance structure to monitor the contract was put in place. Locally, programme governance is through a Steering Group established to oversee the delivery of the contract, comprising members of the Executive team. A Director and Head of Service have specific responsibility for programme delivery. An Internal Audit with respect to local governance arrangements was completed and during 2017-18 all management actions were progressed and completed. There is a comprehensive audit programme in place during pre and post service transfer with a further review by Internal Audit scheduled to take place in 2018/19.

The first phase of this programme became operational in October 2017, and involved shared services for ICT, Finance, Procurement, Land Charges and HR. Staff employed within these service areas have transferred to the appropriate employer and are managed by them.

Identified key improvement areas

The Council is generally satisfied with the effectiveness of corporate governance arrangements and internal control. As part of its continuing efforts to improve governance arrangements the following issues, as highlighted in this Statement, have been identified for improvement in 2018/19

Issue of concern	Key improvement	Lead officer	Action required
<p>Management of major contracts:</p> <ul style="list-style-type: none"> • 5-Councils Contract/6-Councils Partnership • Norse South East 	<p>5-Councils Contract/6-Councils Partnership</p> <p>Movement towards the new target operating models (TOMs) have been delayed. As a result, transition is delayed and has required independent mediation in some areas. Initial issues have been resolved. Significant resource is still required to ensure that the council transitions smoothly to the new service TOMs.</p> <p>Changes were also agreed on Capita contract which improved terms for the Council's and although savings derived reduced, they become more deliverable</p> <p>Norse South East</p> <p>The Council has a Joint Venture with Norse (Norse South East) for waste collection which is governed by the Norse South East Board which has members from Norse Commercial Services and the Council on the Board.</p>	<p>Head of Strategic Commissioning</p>	<p>5-Councils Contract/6-Councils Partnership</p> <ul style="list-style-type: none"> • Work with supplier to ensure that systems move to TOM as soon as possible • Ensure that governance arrangements are fully embedded and operational – further Internal Audit scheduled for 2018/19 • Following renegotiation of there remains aspects that need to be addressed. The Inter-Authority Agreement remains outstanding and will be dealt with in early 2018/19 <p>Norse South East</p> <ul style="list-style-type: none"> • Ensure the Norse South East is delivering its financial targets and service delivery • Appropriate governance in place to manager contract and appropriate reporting from

			Norse South East board back to the Council.
Partnership of shared services and service delivery models	The Council has a number of complex models of delivery for its public service including our shared management team and our Coastal Partnership	Chief Finance Officer	<ul style="list-style-type: none"> Ensure that we have appropriate governance in place to manage various service delivery models including SLAs, business plans and appropriate reporting structures
GDPR	The Council needs to ensure completion of works to be compliant and the embedding of the principles of GDPR across the Council's services	Information Governance Manager (DPO)	<ul style="list-style-type: none"> Progress activity as per the stage 3 plan of the implementation project
Accounting Code and Prudential Code (2017/18)	CIPFA introduced a number of minor amendments to the 2017/18 Accounting Code and published a new version of the Prudential Code.	Chief Finance Officer	Full impact of changes will need to be reviewed and reflected in the 2018/19 accounts

Opinion

It is our opinion that corporate governance, along with supporting controls and procedures, is strong. We propose over the coming year to take steps to address the above matters to further enhance our corporate governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.

Signed

CEO

Leader

Glossary

Annual Governance Statement (AGS)	Annual Governance Statement which describes how corporate governance arrangements have been working for a period of time indicated
Budget	The estimate of income and expenditure for a set period of time, for the Council this covers the financial year 1 April until 31 March each year and includes all the financial resources allocated to different services and projects.
Code of conduct	The Code sets out the standards and behaviour expected of councillors and co-opted members
Constitution	The Council's constitution contains the standing orders, scheme of delegation, financial regulations and contracts procedure rules. The Constitution also contains the policies for anti-fraud and corruption, anti-bribery and whistleblowing.
Corporate Strategy	Document detailing the purpose, direction, vision and objectives of the organisation
Corporate Governance Board	The Corporate Governance Board meets quarterly to provide assurance to the business on matters of corporate governance. Specifically, the Corporate Governance Board ensures that the organisation develops and implements an effective approach to corporate governance which enables the business and affairs of the Council to be carried out, directed and managed with the objective of enhancing value to the public.
Data Protection Officer	A Data Protection Officer (DPO) is a role required by GDPR. Data Protection Officers are responsible for overseeing data protection strategy and implementation to ensure compliance with GDPR requirements
Executive Board	The meeting of chief officers comprising of the Chief Executive, Executive Directors, Chief Finance Officer (Section 151 Officer) with advice and guidance provided by the Monitoring Officer.
Executive Management Team	Comprises the Chief Executive, Executive Directors, Chief Finance Officer and Heads of Service
GDPR	General Data Protection Regulation which came into force in May 2018 is a regulation on data protection and privacy for all individuals within the European Union. GDPR aims to give control to citizens and residents over their personal data and to simplify the regulatory environment for businesses by unifying regulation within the EU.
Governance, Audit & Finance Board	The Governance, Audit & Finance Board considers the Council's governance arrangements and ensures that the financial affairs of the Council are properly conducted.
Head of Paid Service	The most senior officer with overall responsibility for the management and operation of the Council. Also known as the Chief Executive
Healthcheck	A quarterly review of Council performance covering financial and business plan progression for that quarter
Key Performance Indicators	A measurable value that demonstrates how effectively the organisation is achieving against its key objectives
Licensing Committee	Committee of councillors that undertake all licensing and gambling functions, powers and duties conferred on the Council under the Licensing Act 2003 and the Gambling Act 2005.

Local Plan	A Local Plan sets out the local planning policies and identifies how land is used, determining what will be built where. Once a local plan becomes adopted it provides the framework for development within an area.
Local Code of Corporate Governance	The Local Code of Corporate Governance describes the arrangements in place to ensure that the council conducts its business in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
Medium Term Financial Strategy	The Council's key financial planning document. It aims to provide the Council with an assurance that the spending plans are affordable over the medium term (five years). The MTFS includes a five year budget forecast that is reviewed annually as part of the budget setting process.
Monitoring Officer	The officer charged with ensuring that everything that the Council does is fair and lawful
Planning Committee	Committee of councillors that sit as the local planning authority to determine planning applications (not delegated to officers).
Policy Framework	The plans and strategies, which have been adopted by the full Council in accordance with which the Leader of the Council, Cabinet, committees and officers must operate
Residents Survey	Survey held approximately every two years to gather residents views of the Borough and services offered by the Council
Section 151 Officer	The officer responsible for the administration of the financial affairs of the Council (under section 151 of the Local Government Act 1972). Also known as the Chief Finance Officer
Statement of Accounts	The Statement of Accounts show, in financial terms, the performance of the council for the year indicated. It is a statutory publication produced in accordance with legislative requirements and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom.
Target Operating Model	The Target Operating Model refers to the 5-Council Contract/6-Council Partnership shared service contract method of delivery. Once a service is outsourced a number of changes will be implemented in order for that service to be delivered according to the contract specification, once it has reached contract specification it is delivering against its Target Operating Model
5-Council Contract/6-Council Partnership	A contract between Havant Borough Council, Hart District Council, Mendip District Council, South Oxfordshire District Council and Vale of White Horse District Council to secure better value for money services for residents through shared contracts. East Hampshire District Council joined at the sixth partner through the shared service arrangement it holds with Havant Borough Council.

Annual Government Statement 2017/18

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Havant
BOROUGH COUNCIL

Havant Borough Council
Public Service Plaza, Civic Centre Road, Havant, PO9 2AX

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HAVANT BOROUGH COUNCIL

GOVERNANCE, AUDIT AND FINANCE BOARD

25 July 2018

APPOINTMENT OF PANELS

Report of the Democratic Services Officer

Cabinet Lead: N/A

Key Decision: N/A

1.0 Purpose of Report

1.1 To give the Board an opportunity to panels to undertake reviews, on behalf of the Board

2.0 Recommendation

2.1 That the Board appoints the Budget and Review Panels as set out in Appendix A.

3.0 Summary

3.1 The Board may appoint panels to undertake reviews on behalf of the Board.

3.2 Over the past two years a Budget Scrutiny Panel has been formed to work within the annual budget planning cycle to gain an appreciation of the intent of Heads of Service to deliver their contribution to the annual budget consistent with strategic direction of the Council. The approach adopted by the Panel involved:

- (a) "Initial Thoughts Discussions" – The Panel invited up to six Heads of Service to meet the Panel to clarify the outputs and gain a better understanding of the services selected;
- (b) "Deep Dive Discussions" – The Panel invited a selection of Heads of Services to more detailed discussions on their budget proposals for the following year; and
- (c) A meeting with the Leader of the Council, Chief Executive Officer, and the Chief Finance Office to understand the direction provided to Heads of Service as they set about preparing the forthcoming budget

3.3 It is recommended that for this year the Board appoint a panel to undertake discussions with Heads of Service. The benefits of these discussions being held by a panel is to enable officers and Councillors to freely discuss the pressures and proposals in private and provide greater flexibility. The Board will hold the

Executive Paid Officers, the Leader and Deputy Leader to account in relation to the Council's financial performance throughout the year.

- 3.3 The Board is also recommended to appoint a general Panel to undertake other reviews of the Board e.g. the review of Councillor Allowances and report their findings and recommendations to the Board. The Panels will not be constituted as sub-committees and will therefore have greater flexibility to complete their reviews.

4.0 Implications

4.1 Resources

There are no additional financial costs arising from the recommendations.

4.2 Legal

There are no direct legal implications arising from this report.

4.3 Strategy

The work of the Scrutiny Panels helps to ensure that new strategies are robust and actions are undertaken to deliver the desired outcomes.

4.4 Risks

The Board needs to ensure that there are clear outcomes from the scrutiny process that impact positively upon the people and communities within the borough and link to corporate priorities.

4.5 Communications

The Scrutiny Board needs to continue to promote and demonstrate clearly how it is contributing towards the improvement and efficiency of Havant Borough Council.

4.6 For the Community

The scrutiny reviews attempt to involve, if appropriate, local residents, community and voluntary sector groups; businesses etc and the views and evidence gathered are fed into the individual reports.

- 4.7 The Integrated Impact Assessment (IIA) has been completed and concluded the following: N/A

Appendices:

Appendix A – Proposed Terms of Reference for the Budget and Review Panels

Background Papers: Nil

Contact Officers:

Mark Gregory
Democratic Services Officer
Tel: 023 92446 232
Email: mark.gregory@havant.gov.uk

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APPENDIX A

BUDGET PANEL'S TERMS OF REFERENCE

- (1) to review the Council's plans for the 2019/20 Budget and submit their findings and recommendations to the Governance, Audit and Finance Board.

REVIEW PANEL'S TERMS OF REFERENCE

- (1) To undertake reviews as directed by the Governance, Audit and Finance Board ("the Board") and submit their findings and recommendations to the Board

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HAVANT BOROUGH COUNCIL

Governance, Audit and Finance Board

25 July 2018

Board Work Programme - 2018/19

Report by Democratic Services Officer

Cabinet Lead: N/A

Key Decision: N/A

1.0 Purpose of Report

- 1.1 To give the Board an opportunity to identify topics for inclusion in the Work Programme and the success criteria for 2018/19.

2.0 Recommendation

- 2.1 That the Board approve the work programme for 2018/19.

3.0 Summary

- 3.1 The Board has a responsibility to co-ordinate the overview and scrutiny activities relating to the functions of the Board including establishing panels, and signing off their reports prior to submission to Council, Cabinet and external partners.
- 3.3 Inclusive work programming and careful scoping of topics are a key factor in effective overview and scrutiny. The Board should select their main work programme themes after a detailed process of consultation with relevant members and senior officers. Key documents such as the Council and Cabinet Forward Plan and regular performance monitoring and budget reports also feed into the process.

4.0 Implications

4.1 Resources

There are no financial implications arising out of this report. If any recommendations made by the Scrutiny Board for adoption by the Council have financial implications they are identified separately in each report.

4.2 Legal

There are no direct legal implications arising from this report.

4.3 Strategy

The work of the Scrutiny Panels helps to ensure that new strategies are robust and actions are undertaken to deliver the desired outcomes.

4.4 Risks

The Board needs to ensure that there are clear outcomes from the scrutiny process that impact positively upon the people and communities within the borough and link to corporate priorities.

4.5 Communications

The Scrutiny Board needs to continue to promote and demonstrate clearly how it is contributing towards the improvement and efficiency of Havant Borough Council.

4.6 For the Community

The scrutiny reviews attempt to involve, if appropriate, local residents, community and voluntary sector groups; businesses etc and the views and evidence gathered are fed into the individual reports.

4.7 The Integrated Impact Assessment (IIA) has been completed and concluded the following: N/A

Appendices:

Appendix A – Work Programme Carried Over from the Scrutiny Board Work Programme for 2017/18 **(to follow)**

Background Papers: Nil

Contact Officer:

Mark Gregory
Democratic Services Officer
Tel: 023 9244 6232
Email: mark.gregory@havant.gov.uk