

HAVANT BOROUGH COUNCIL
PUBLIC SERVICE PLAZA
CIVIC CENTRE ROAD
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HAMPSHIRE P09 2AX



Havant
BOROUGH COUNCIL

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AUDIT AND FINANCE COMMITTEE AGENDA

Membership: Councillor Inkster (Chairman)

Councillors Briggs (Vice-Chairman), Guest, Keast, Kennett, Linger, Robinson and Francis

Meeting: Audit and Finance Committee

Date: Wednesday 8 December 2021

Time: 5.00 pm

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

The business to be transacted is set out below:

Gill Kneller
Chief Executive

29 November 2021

Contact Officer: Emma Carlyle 023 9244 6151
Email: emma.carlyle@havant.gov.uk

**Can Councillors Please Submit Any Detailed Technical Questions On The
Items Included In This Agenda To The Contact Officer By 12 Noon On Friday, 3
December 2021**

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To approve the minutes of the previous meeting.	
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GENERAL INFORMATION

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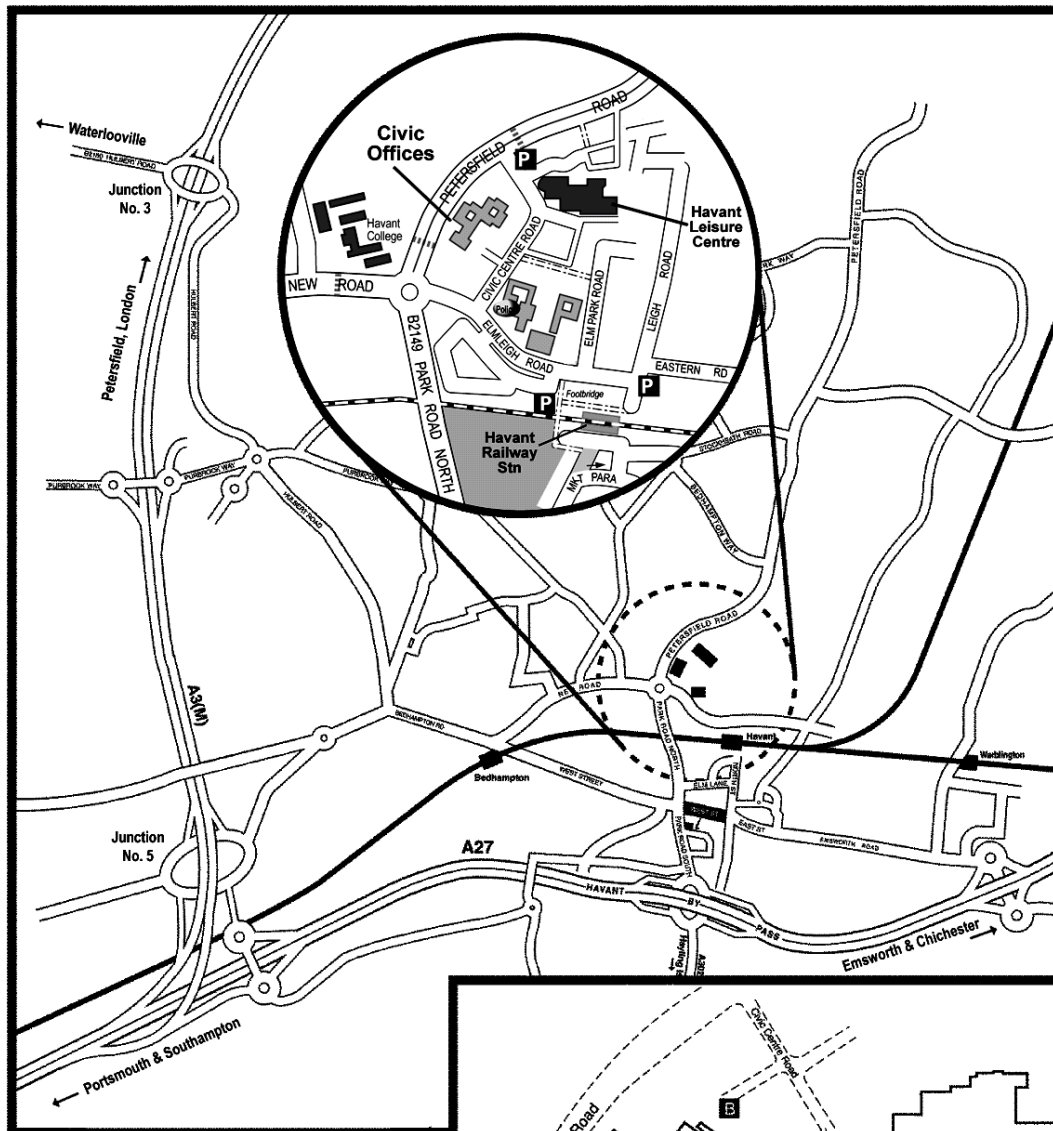
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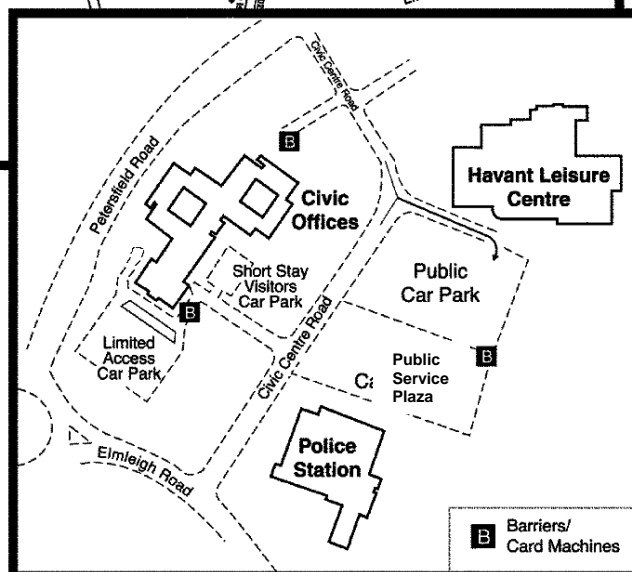
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HAVANT BOROUGH COUNCIL

At a meeting of the Audit and Finance Committee held on 15 September 2021

Present

Councillor: Inkster (Chairman)

Councillors: Briggs (Vice-Chairman), Keast, Kennett, Linger and Robinson

Other Councillor Pike
Councillors

16 Apologies for Absence

Apologies for absence were received from Councillors Prad Bains and Guest.

17 Minutes

The Minutes of the meetings of the Audit and Finance Committee held on 9 June and 27 July 2021 were agreed as a correct record and signed by the Chairman.

18 Declarations of Interests

There were no declarations of interests.

19 Internal Audit Progress Report

The Committee considered the report presented by Antony Harvey and Mark Norton 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.

The paper provided an update on the progress of internal audit activity completed in accordance with the approved audit plan, and summarised the status of 'live' reports. The Committee also received a September update on progress made with the audit actions. The Committee noted that a number of actions had been put back due to redeployment of staff during the Covid 19 pandemic

RESOLVED that the Internal Audit Progress Report, reflecting progress to 31 July 2021, as submitted be noted.

20 Annual Audit Letter 2019/20

Mr Suter and Mr Jones, on behalf of the Council's external auditors presented the Annual Audit letter 2019/20, which was a summary of the Audit Results Report.

Mr Suter, Mr Jones and the officers answered questions raised by members of the Committee relating on property and asset valuation.

Resolved that the Annual Audit Letter for 2019/20 as submitted be noted.

21 Provisional Revenue and Capital Outturn 2020/21

The Committee considered a report setting out the summary position regarding the provisional revenue and capital outturn for 2020/21.

The officers answered questions raised by members of the Committee.

The officers agreed to circulate details of the Key Performance Indicators referred to on page 65 of the report.

Resolved that:

- a. the outturn for the General Revenue Fund, subject to external audit, of a General Fund underspend of £0.188 million;
- b. the transfers to the General Revenue Fund and Earmarked reserves, as set out in Table 3 (Earmarked Reserve Movements) of the submitted report; and
- c. The position of the 2020/21 capital programme as at Outturn (31 March 2021)

be noted.

22 Corporate Performance Report Quarter 1 2021/22

The Committee considered a strategic overview of performance for Quarter One 2021/22 in relation to the corporate priorities in the Council's Corporate Plan.

The Officers and the Cabinet Lead for Finance, Regeneration and Estates answered questions relating to the report submitted.

The Committee was advised that future reports would split the employment figures into the number of full time and part time staff employed by the Council.

RESOLVED that

- a. the revenue and forecast variance outturn for 2021/22 in Appendices A of the submitted report; and
- b. the summary performance information at Appendix B of the submitted report for services

be noted.

The meeting commenced at 5.00 pm and concluded at 5.51 pm

.....
Chairman

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NON EXEMPT

HAVANT BOROUGH COUNCIL

AUDIT AND FINANCE COMMITTEE

08 December 2021

INTERNAL AUDIT PROGRESS REPORT 2021-21 (November 2021)

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 Audit and Finance Committee 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 Audit and Finance Committee note the Internal Audit Progress Report, reflecting progress to 19th November 2021, as attached at Appendix 1.

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 Audit and Finance Committee summarising:

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

3.3 Appendix 1 summarises the performance of Internal Audit for 2021-22 to 19th November 2021.

4.0 Implications

4.1 Resources:

Internal Audit is provided through the Southern Internal Audit Partnership. The audit plan consists of 300 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 23rd November 2021.

Appendices:

Appendix 1 – Internal Audit Progress Report 2021-22 (November 2021)

Agreed and signed off by:

Legal Services: Daniel Toohey, 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: 07784 265289

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

Internal Audit Progress Report 2021-22

November 2021

Havant Borough Council

Havant
BOROUGH COUNCIL

**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

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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’.

Havant Borough 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. 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:

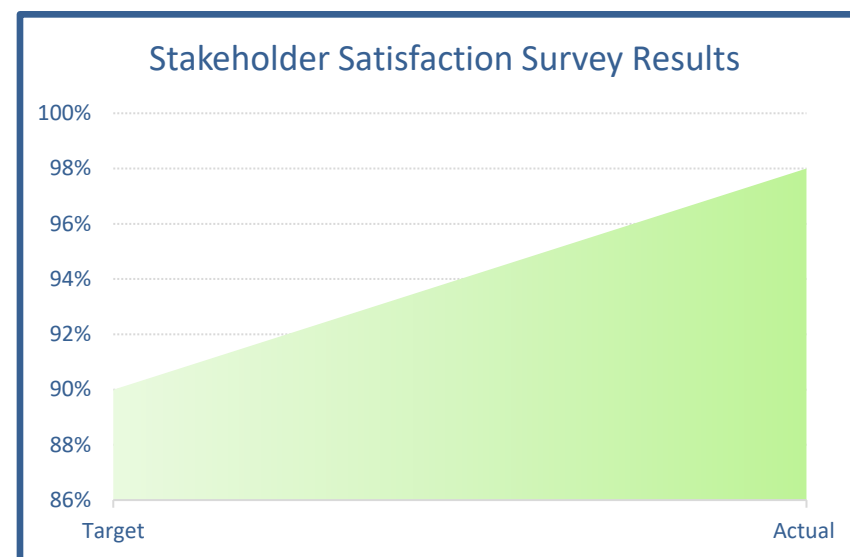
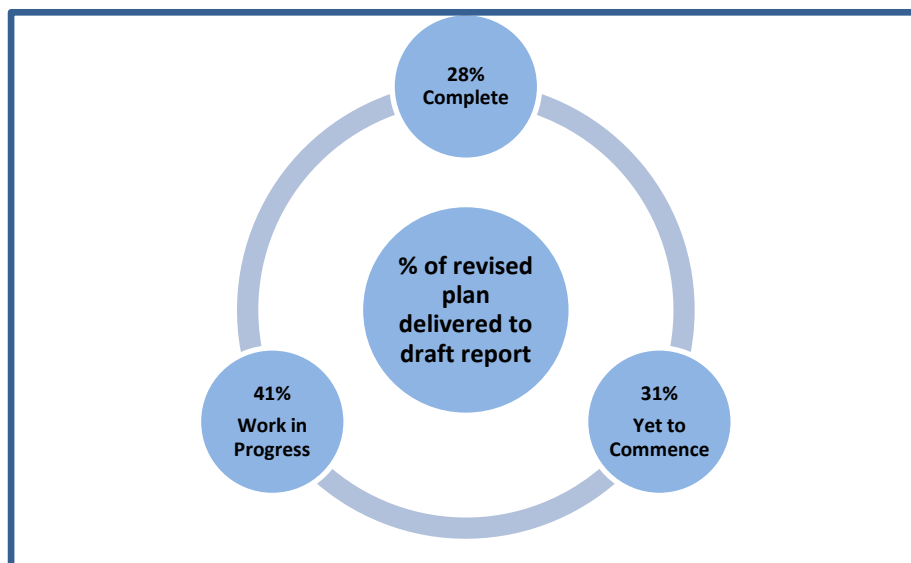
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

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. The assurance opinions are categorised as follows:

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

** Some reports listed within this progress report (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to adoption of the CIPFA standard definitions, reference is provided at Annex 2.*

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'The mandatory elements of the International Professional Practices Framework (IPPF) include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.

It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.

We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).

We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)	Not Yet Due	Complete	Overdue		
							L	M	H
Food Safety	Nov 19	HoNS	Limited **	10	1	9			
Animal Welfare (Licensing)	May 20	HoNS	Limited **	14	2	12			
IT Asset Management	Jun 20	HoPRQ	Adequate **	6	1	5			
Licensing	Jun 20	HoNS	Adequate **	6	2	4			
Information Governance	Jun 20	HoPRQ	Limited **	8	1	7			
Norse – Governance Arrangements *	Jun 20	HoSC	Adequate **	4	0	4			
Norse South East - Governance	Apr 21	HoSC	Reasonable	5	1	3		1	
Lease Income	Jun 21	HoNS	Reasonable	3	1	0			2
Building Control	Jun 21	SD (RP)	Limited	9	4	4		1	
Treasury Management	Sep 21	CFO	Reasonable	1	1	0			
Health & Safety (COVID-19) *	Sep 21	HoOD	Substantial	1	0	1			
Regeneration	Oct 21	HoREA	Reasonable	10	2	8			
COVID19 Business Grants	Nov 21	HoCS	Substantial	3	3	0			
Business Rates	Nov 21	HoCS	Reasonable	3	3	0			
Total							0	2	2

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

** The reports listed (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to the adoption of the CIPFA standard definitions, reference is provided at Annex 2.

Audit Sponsor	
Head of Organisational Development	HoOD
Head of Customer Services	HoCS
Chief Finance Officer and Director of Corporate Services	CFO
Head of Programmes, Redesign and Quality	HoPRQ
Head of Development	HoD
Head of Strategic Commissioning	HoSC
Head of Neighbourhood Support	HoNS
Head of Regeneration	HoR
Service Director (Regeneration and Place)	SD (RP)
Head of Commercial Development	HoCD
Head of Housing & Community Engagement	HoHCE

5. Executive Summaries of reports published concluding a 'Limited' or 'No' assurance opinion

There have been no 'Limited' or 'No' assurance opinion reports issued as part of the 2021-22 audit work.

6. Planning & Resourcing

The internal audit plan for 2021-22 was discussed by the Executive Board on 23 February 2021 and approved by the Audit and Finance Committee on 24 March 2021.

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 7.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2021-22								
Corporate / Governance Reviews								
Asset Management	SD (RP)							Q4
Health & Safety (COVID-19)	HoOD	✓	✓	✓	Sep 21	Sep 21	Substantial	
Risk Management Arrangements	HoPRQ	✓	✓	✓	Nov 21			
Procurement Arrangements	HoSC	✓	✓	✓				
Contract Management Arrangements	HoSC							Q4
Fraud Framework - National Fraud Initiative (NFI)	CFO	n/a	n/a	✓				On-going
Financial Management								
Financial Stability – Budget Monitoring	CFO							Q4
Income Collection and Banking	CFO	✓	✓					
Accounts Payable	CFO	✓	✓					
Accounts Receivable / Debt Management	CFO	✓	✓					
Treasury Management	CFO							Q4
Business Rates	HoCS	✓	✓	✓	Aug 21	Nov 21	Reasonable	

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Main Accounting and Reconciliations	CFO	✓	✓	✓				
Council Tax	HoCS	✓	✓					
COVID-19 – Business Grants	CFO	✓	✓	✓	Oct 21	Nov 21	Substantial	
Information Technology								
Cyber Attack Response Pathway	HoPRQ	✓	✓	✓	Sep 21			Interim Report
Service Continuity Planning (Loss of IT)	HoPRQ	✓	✓	✓				
IT Device Management	HoPRQ	✓	✓	✓	Nov 21			
Hosted IT Services	HoPRQ							Q4
SharePoint Data Migration	HoPRQ							Q4
Service / Other Reviews								
Regeneration	SD (RP)	✓	✓	✓	Sep 21	Oct 21	Reasonable	
Planning Enforcement	HoNS	✓	✓	✓				
Disabled Facilities Grants	HoNS	✓	✓	✓				
Homelessness	HoHCE	✓	✓					
Planning / Development Management	SD (RP)							Q4
Tree Management	HoNS	✓	✓	✓	Nov 21			
Building Control - Follow-up	SD (RP)							Q4
Licensing (Animal Welfare) - Follow-up	HoNS							Q4
Food Safety – Follow-up	HoNS	✓						

Annex 1 - Adjustments to the plan

Audit reviews added to the plan (included in rolling work programme above)	Comment
Building Control - Follow-up *	Follow-up review for a 20-21 'Limited Assurance' audit.
Licensing (Animal Welfare) - Follow-up *	Second follow-up review for a 19-20 'Limited Assurance' audit.
Food Safety – Follow-up *	Follow-up review for a 19-20 'Limited Assurance' audit.

Audit reviews removed from the plan (excluded from rolling work programme)	Comment
Human Resources **	Defer the review to 2022-23 pending planned changes to the Recruitment, Learning and Development and Performance Management systems and processes in 2022. 2020-21 audits concluded with Payroll - Substantial Assurance; HR/Recruitment – Reasonable Assurance; and Workforce Support – COVID-19 – Substantial Assurance therefore 2021-22 HR audits considered lower risk.

Agreed September 2021 *

Proposed December 2021 **

Annex 2 - Assurance opinions and definitions used by SIAP prior to adoption of the CIPFA standard definitions

As from April 2020 CIPFA guidance recommends a standard set of assurance opinions and supporting definitions for internal audit service providers across the public sector.

To ensure SIAP continue to conform to the best practice principles, the standard definitions were adopted for our 2020-21 work and moving forwards.

There remain some residual reviews detailed within Section 4 of this report that refer to SIAPs former assurance ratings which are detail below.

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.

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