

HAVANT BOROUGH COUNCIL
PUBLIC SERVICE PLAZA
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Havant
BOROUGH COUNCIL

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AUDIT AND FINANCE COMMITTEE AGENDA

Membership: Councillor Inkster (Chairman)

Councillors Linger (Vice-Chairman), Diamond, Guest, Hughes, Moutray, Patel and Wade

Meeting: Audit and Finance Committee

Date: Thursday 23 March 2023

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:

Kim Sawyer
Chief Executive

15 March 2023

Contact Officer: Mark Gregory 023 9244 6232
Email: mark.gregory@havant.gov.uk

Public Attendance

Please note that the Hurstwood Room has very limited capacity to safely accommodate members of the public in a Covid secure manner. Please contact the named officer above if you wish to attend in person, otherwise we would encourage watching the meeting via the webcast on the Council's website.

Can Councillors Please Submit Any Detailed Technical Questions On The Items Included In This Agenda To The Contact Officer By 12 Noon Tuesday 21 March 2023

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GENERAL INFORMATION

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BOROUGH COUNCIL
 Civic Offices, Havant, Hants, PO9 2AX
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HAVANT BOROUGH COUNCIL

At a meeting of the Audit and Finance Committee held on 20 October 2022

Present

Councillor: Inkster (Chairman)

Councillors: Hughes, Linger (Vice-Chairman), Moutray and Patel

9 Apologies for Absence

Apologies for this meeting were noted from Councillors Diamond, Guest and Wade.

10 Declarations of Interests

There were no declarations of interest made.

11 Minutes

Proposed by Councillor Hughes and seconded by Councillor Linger the minutes of the previous Audit and Finance Committee that took place on the 28th July 2022 were agreed as a correct record and signed by the Chairman.

12 External Auditors Annual Report 20-21

The Committee considered the report presented by Jason Jones of Ernst & Young. Mr Jones summarised the report and answered questions in connection with the report.

Malcolm Coe highlighted the conclusion of the 20/21 Audit and it's satisfactory conclusion and thanked Ernst & Young for their work on this.

It was confirmed that nationally there is delay with government providing the final sign off and therefore the Council will not be at detriment should this pass the 31st October deadline.

Proposed by Councillor Hughes and seconded by Councillor Linger it was **RESOLVED** that the external auditor report for year ended 31 March 2021 was **NOTED**.

13 Q1 Internal Audit Progress

The Committee considered the Annual Audit Report and Opinion 2022-23, as presented by Antony Harvey of the Southern Internal Audit Partnership.

The committees' attention was drawn to the following points:

- (1) Mr Harvey confirmed that there are a number of outstanding actions from previous reviews and following the change with the arrangements with East Hampshire District Council, Internal Audit continue to work with the management team with those actions.
- (2) The report reflects in more detail about where we are with each audit review. The contract management arrangement review has been completed and has provided a 'reasonable assurance'.
- (3) The audit plan at the last meeting in July provided provisions for audits to be identified given the uncertainty at the time the plan was produced; it was proposed that every time a review commences the detail of that will come to committee. Following this, a review of the corporate governance and the annual governance statement was identified as well as a review around information governance to be brought into the future plans.

Mr Harvey agreed that the definitions for the colours and the numbers included on the rag rating and report will be detailed in future reports.

Cllr Linger requested under the total management actions for a total to be included to work out the percentage of completed and not completed.

Malcolm Coe and Internal audit agreed to work together to improve the presentation of the report in advance of the next meeting.

Proposed by Councillor Hughes and **seconded** by Councillor Linger it was **RESOLVED** that the Audit and Finance Committee **NOTE** the Internal Audit Progress Report, reflecting progress to 30th September 2022, attached as Appendix 1.

14 DRAFT - 2021-22 Statement of Accounts

Malcolm Coe introduced the item and confirmed that these accounts are available on the website for the public to view.

The Committees attention was drawn to the following points:

- (1) Ernst & Young are due to complete their review of the Draft Statement of Accounts in early January 2023. The accounts will remain as draft until that is completed.

- (2) In 2020/21 the asset valuations were a key concern for ourselves and Ernst & Young (EY). There is now a comprehensive asset register and we are in a stronger position while we wait for the formal valuation from Vale Williams, following which; the accounts will be updated by the end of the calendar year.

Following questions from councillors; proposed by Councillor Hughes and seconded by Councillor Linger it was **RESOLVED** that:

The Committee **APPROVED** the draft 2021/22 Statement of Accounts for publication.

The Committee **NOTED** that the asset valuations are not yet complete, and the draft Statement of Accounts will be updated as soon as they are available

15 Ombudsman Annual Review Letter 2021/22

Mark Watkins introduced the report and highlighted that the numbers shown in the report represent the sector average in terms of complaints made against local authorities.

Proposed by Councillor Linger and seconded by Councillor Patel it was **RESOLVED** that:

- (i) **RECEIVE** the Annual Review Letter 2022 from the Local Government & Social Care Ombudsman and accompanying complaints data; and
- (ii) **NOTE** that in the year 1 April 2021 to 31 March 2022 there were 21 complaints cases decided by the Ombudsman, two of which were upheld and fault found; and
- (iii) **NOTE** that the Council was fully compliant with the outcomes and remedies recommended by the Ombudsman in the two upheld complaints.

16 Mid Year Treasury Management & Outturn Report 2021-22

Malcolm Coe introduced the item and highlighted the following points.

- (1) The report highlights that we have a low level of borrowing; Appendix B shows the mid-year review for 2022/23 and the results from our Treasury Management. In April, the Treasury Management strategy was amended which enabled us to take calculated risks in terms of

- investments. There is confidence in the returns we will see in 2023/24 due to proactive investment of cash flow.
- (2) We have changed our treasury advisors and have now engaged 'Arlingclose' who have helped provide the investment portfolio.

Following questions; Proposed by Councillor Patel and seconded by Councillor Linger it was **RESOLVED** that:

- (i) The Committee **NOTE** appendices A,B and D.
- (ii) The Committee **APPROVE** the amendments to the Council's Treasury Management Strategy for 2022/23 as detailed in Appendix C.

The meeting commenced at 5.00 pm and concluded at 5.39 pm

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Chairman

Havant Borough Council Audit planning report

Year ended 31 March 2022

March 2023

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Members of the Audit and Finance Committee

14 March 2023

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

Dear Audit and Finance Committee Members

Outline audit planning report

We are pleased to attach our Outline Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit and Finance Committee with a basis to review our proposed audit approach and scope for the 2021/22 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's new 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Audit and Finance Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 23 March 2023 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Kevin Suter

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Finance Committee and management of Havant Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Finance Committee and management of Havant Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Finance Committee and management of Havant Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2021/22 audit strategy



Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Finance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Inappropriate capitalisation of revenue expenditure	Fraud risk	No change in risk or focus.	Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. Our judgement is the significant risk at the Council relates to the improper capitalisation of revenue expenditure.
Misstatements due to fraud or error	Fraud risk	No change in risk or focus.	As identified in ISA240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively. We identify and respond to this risk on every engagement.
Valuation of Investment Property (IP)	Significant risk	No change in risk or focus.	The value of Investment Properties represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and market fluctuations. Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. However, property markets are functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value.
Valuation of Land and Buildings	Inherent Risk	No change in risk or focus.	The value of Property, Plant and Equipment (PPE) represents a significant balance in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Finance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Pension Liability Valuation	Inherent risk	No change in risk or focus.	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Hampshire County Council.</p> <p>The Council's pension fund liability is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>

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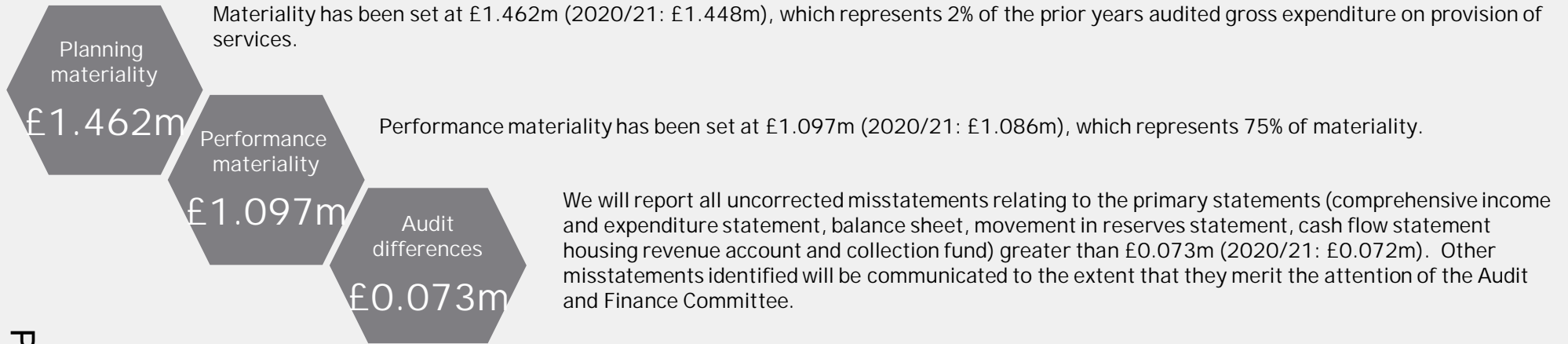
Changes in risks identified in the prior year (FY21)

Accounting for Covid-19 related government grants – there has been a significant reduction in Covid-19 related government grants, both principal and agency grants. Therefore, we no longer regard the accounting for these grants as a specific area of focus in the current year.

Going concern – due to the impact of Covid-19 in prior years we considered the Council's going concern disclosures as a specific area of focus. We worked with the Council in previous years to improve the disclosures in the accounts and In light of the reducing impact of the pandemic going forward, we no longer consider this as a specific area of focus in the current year.

Overview of our 2021/22 audit strategy

Materiality



Overview of our 2021/22 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Havant Borough Council give a true and fair view of the financial position as at 31 March 2022 and of the income and expenditure for the year then ended; and
- Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

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- Strategic, operational and financial risks relevant to the financial statements;
 - Developments in financial reporting and auditing standards;
 - The quality of systems and processes;
 - Changes in the business and regulatory environment; and,
 - Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the ISA 540 (revised) and our value for money responsibilities. Therefore to the extent any of these or any other risks are relevant in the context of Havant Borough Council's audit, we will discuss these with management as to the impact on the scale fee.

Effects of climate-related matters on financial statements and Value for Money arrangements

Public interest in climate change is increasing. We are mindful that climate-related risks may have a long timeframe and therefore while risks exist, the impact on the current period financial statements may not be immediately material to an entity. It is nevertheless important to understand the relevant risks to make this evaluation. In addition, understanding climate-related risks may be relevant in the context of qualitative disclosures in the notes to the financial statements and value for money arrangements.

We make inquiries regarding climate-related risks on every audit as part of understanding the entity and its environment. As we re-evaluate our risk assessments throughout the audit, we continually consider the information that we have obtained to help us assess the level of inherent risk.

Overview of our 2021/22 audit strategy

Value for money conclusion

We include details in Section 03 but in summary:

- We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.
- Planning on value for money and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- We will provide a commentary on the Council's arrangements against three reporting criteria:
 - Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
 - Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
 - Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Page 13 The commentary on VFM arrangements will be included in the Auditor's Annual Report.

Timeline

The Ministry of Housing, Communities and Local Government established regulations to extend the target date for publishing audited local authority accounts from 31 July to 30 November for the 2021/22 accounts.

The 2021/22 draft financial statements were published on the Council's website on 16 February 2023. A previous version was published in late 2022, but did not include updated land and building valuations.

The audited accounts should be published once the audit is complete.



02 Audit risks



Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

<p>Inappropriate capitalisation of revenue expenditure</p>	<p>What is the risk?</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p>What will we do?</p> <p>Our approach will focus on:</p> <ul style="list-style-type: none"> • Journals testing – we will use our testing of journals to identify transactions moved from revenue to capital. • For significant additions we will examine invoices, capital expenditure authorisations, leases and other data that support these additions. We review the sample selected against the definition of capital expenditure in IAS 16. • Testing REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources. Based on our work at the planning stage of the audit we do not expect there to be material REFCUS in the year
<p>Financial statement impact</p> <p>Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could affect the income and expenditure accounts. We are focusing our testing on capital additions (£1.322m in 2020/21) and potentially on revenue expenditure funded by capital under statute (REFCUS) if material in 2021/22.</p>	<p>We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the general fund. This would result in funding expenditure that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.</p> <p>The manipulation of capitalising expenditure could occur through management override of controls.</p>	

Our response to significant risks (continued)

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What will we do?

We will undertake procedures to address the fraud risk, which include:

- Inquiry of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including:
 - Testing of journal entries and other adjustments in the preparation of the financial statements;
 - Considering accounting estimates for management bias; and
 - Reviewing the basis for any identified significant unusual transactions.

Our response to significant risks (continued)

<p>Valuation of Investment property</p>	<p>What is the risk?</p>	<p>What will we do?</p>
<p>Financial statement impact</p> <p>The fair value of investment properties in 2020/21 was £32.367m</p>	<p>The fair value of Investment Properties represents a significant balance in the Council's accounts and are subject to valuation changes, impairment reviews and market fluctuations. Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. However, some property markets have started to function again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value.</p> <p>This could have a significant impact on investment properties and we have therefore raised a significant risk in relation to investment property valuations.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> • Consider the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; • Sample test key asset information used by the valuers in performing their valuation and challenge the key assumptions used by the valuer; • Test accounting entries have been correctly processed in the financial statements; and • Obtain input from EY Real Estates, our internal specialists on asset valuations for Investment Properties, including inputs on market sentiment and how it has been reflected in the estimated rental values/yields

Other areas of audit focus

What is the risk/area of focus?

Valuation of Land and Buildings

The value of land and buildings within Property, Plant and Equipment (PPE) represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

What will we do?

We will:

- Consider the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre) and challenge the key assumptions used by the valuer;
- Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the CIPFA Code for PPE.
- Review assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated; and
- Test accounting entries have been correctly processed in the financial statements.

If we deem necessary, we will obtain input from EY Real Estates, our internal specialists on asset valuations for Investment Properties, including inputs on market sentiment and how it has been reflected in the estimated rental values/yields.

Other areas of audit focus

What is the risk/area of focus?

Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Hampshire County Council. The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2021 this totalled £48.325m. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

We will:

- Liaise with the auditors of Hampshire Pension Fund to obtain assurances over the information supplied to the actuary in relation to Hampshire County Council.
- Assess the work of the Pension Fund actuary (AON Hewitt) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

We will consider outturn information available at the time we undertake our work after production of the Council's draft financial statements, for example the year-end actual valuation of pension fund assets. We will use this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.

We will engage with our internal pensions specialists to undertake an auditor's estimate of the gross liability.



03

Value for Money Risks





Value for Money

Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

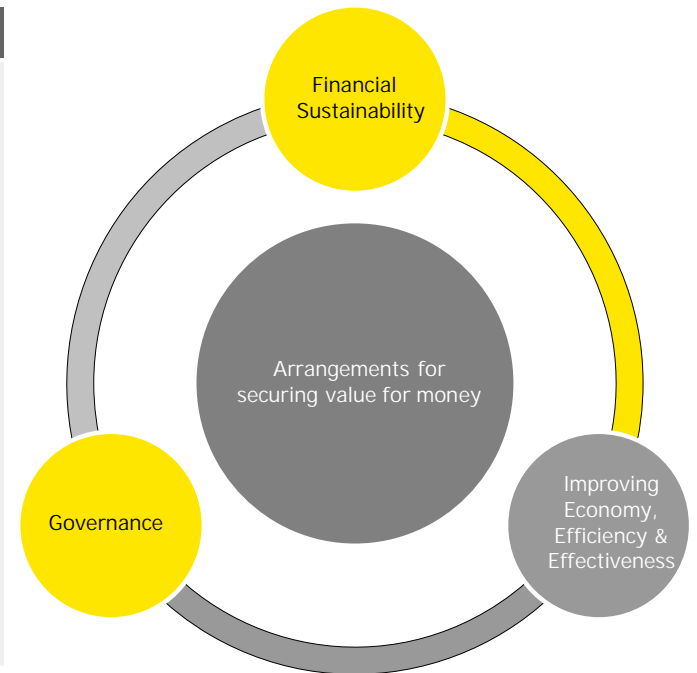
As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

Auditor responsibilities

Under the NAO Code of Audit Practice we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.





Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes requires us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

In considering the Council's arrangements, we are required to consider:

- The Council's governance statement;
- Evidence that the Council's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates and other bodies; and
- Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes – or could reasonably be expected to expose – the Council to significant financial loss or risk;
- Leads to – or could reasonably be expected to lead to – significant impact on the quality or effectiveness of service or on the Council's reputation;
- Leads to – or could reasonably be expected to lead to – unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Council;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Council's reported performance;
- Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Council has had to respond to the issue.



Responding to identified risks of significant weakness

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Audit and Finance Committee.

Reporting on VFM

Where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the Code requires that we should refer to this by exception in the audit report on the financial statements.

In addition, the Code requires us to include the commentary on arrangements in the Auditor's Annual Report. The Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Status of our 2021/22 VFM planning

Our assessment for the Council of the risk of significant weaknesses in the arrangements supporting each of the specified reporting criteria is still in progress. Our assessment to date has focused on a combination of:

- Cumulative audit knowledge and experience.
- Review of Council committee reports,
- Review of other documentary evidence available on the Council's website.
- Consideration of financial and performance reporting and outcomes for the year.
- Regular engagement with Council management.

To date we have not identified a risk of significant weakness.



04

Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2021/22 has been set at £1.462m. This represents 2% of the Council's prior year gross expenditure on provision of services. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.

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We request that the Audit and Finance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £1.097m which represents 75% of planning materiality.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, housing revenue account and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit and Finance Committee, or are important from a qualitative perspective.

Materiality

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

We also identify areas where misstatement at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- Remuneration disclosures including councillor allowances: we will agree all disclosures back to source data, and councillor allowances to the agreed and approved amounts.
- Related party transactions we will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice, our principal objectives are to undertake work to support the provision of our audit report to the audited body and to satisfy ourselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

Page 28 whether the financial statements give a true and fair view of the financial position of the audited body and its expenditure and income for the period in question; and whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- whether other information published together with the audited financial statements is consistent with the financial statements; and
- where required, whether the part of the remuneration report to be audited has been properly prepared in accordance with the relevant accounting and reporting framework.

Other procedures required by the Code:

- Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the NAO

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

As outlined in Section 03, we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2021/22 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and

Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit and Finance Committee.

Internal audit:

We will regularly meet with the Head of Finance and Audit, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



06

Audit team



Audit team

Audit team structure:

Kevin Suter
Partner*

Jason Jones
Manager

Helen Edgecombe
Senior

Specialists (as required)

- EY Real Estates
- Actuaries

* Key Audit Partner

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The area where either EY or third party specialists are expected to provide input for the current year audit is:

Area	Specialists
Valuation of Land and Buildings	EY Valuations Team
Pensions disclosure	EY Actuaries

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

Developing the right Audit Culture

In July 2021, EY established a UK Audit Board (UKAB) with a majority of independent Audit Non-Executives (ANEs). The UKAB will support our focus on delivering high-quality audits by strengthening governance and oversight over the culture of the audit business. This focus is critical given that audit quality starts with having the right culture embedded in the business.



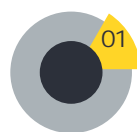
Page 33

Our audit culture is the cement that binds together the building blocks and foundation of our audit strategy. We have been thoughtful in articulating a culture that is right for us: one that recognises we are part of a wider, global firm and is clear about whose interests our audits serve.

There are three elements underpinning our culture:

1. Our people are focused on a common purpose. It is vital we foster and nurture the values, attitudes and behaviours that lead our people to do the right thing.
2. The essential attributes of our audit business are:
 - Right resources – We team with competent people, investing in audit technology, methodology and support
 - Right first time – Our teams execute and review their work, consulting where required to meet the required standard
 - Right reward – We align our reward and recognition to reinforce the right behaviours

3. The six pillars of Sustainable Audit Quality are implemented.



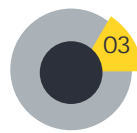
Tone at the top

The internal and external messages sent by EY leadership, including audit partners, set a clear tone at the top - they establish and encourage a commitment to audit quality



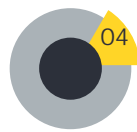
Exceptional talent

Specific initiatives support EY auditors in devoting time to perform quality work, including recruitment, retention, development and workload management



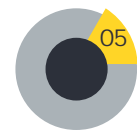
Accountability

The systems and processes in place help EY people take responsibility for carrying out high-quality work at all times, including their reward and recognition



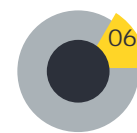
Audit technology and digital

The EY Digital Audit is evolving to set the standard for the digital-first way of approaching audit, combining leading-edge digital tools, stakeholder focus and a commitment to quality



Simplification and innovation

We are simplifying and standardising the approach used by EY auditors and embracing emerging technologies to improve the quality, consistency and efficiency of the audit



Enablement and quality support

How EY teams are internally supported to manage their responsibility to provide high audit quality

A critical part of this culture is that our people are encouraged and empowered to challenge and exercise professional scepticism across all our audits. However, we recognise that creating a culture requires more than just words from leaders. It has to be reflected in the lived experience of all our people each and every day enabling them to challenge themselves and the companies we audit.

Each year we complete an audit quality culture assessment to obtain feedback from our people on the values and behaviours they experience, and those they consider to be fundamental to our audit quality culture of the future. We action points that arise to ensure our culture continues to evolve appropriately.

2021 Audit Culture Survey result

A cultural health score of 78% (73%) was achieved for our UK Audit Business

We bring our culture alive by investing in three priority workstreams:

- Audit Culture with a focus on professional scepticism
- Adopting the digital audit
- Standardisation

This investment has led to a number of successful outputs covering training, tools, techniques and additional sources. Specific highlights include:

- Audit Purpose Barometer
- Active Scepticism Framework
- Increased access to external sector forecasts
- Forensic risk assessment pilots
- Refreshed PLOT training and support materials, including embedding in new hire and trainee courses
- Digital audit training for all ranks
- Increased hot file reviews and improved escalation processes
- New work programmes issued on auditing going concern, climate, impairment, expected credit losses, cashflow statements and conducting effective group oversight
- Development of bite size, available on demand, task specific tutorial videos

"A series of company collapses linked to unhealthy cultures.....have demonstrated why cultivating a healthy culture, underpinned by the right tone from the top, is fundamental to business success."

Sir John Thompson
Chief Executive of the FRC



07 Audit timeline





Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2021/22. The final timetable will depend on our ability to obtain sufficient, appropriate audit evidence to support our audit opinion

From time to time matters may arise that require immediate communication with the Audit and Finance Committee and we will discuss them with the Audit and Finance Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Audit committee timetable	Deliverables
	December		
Planning:	January		
Risk assessment and setting of scopes. Walkthrough of key systems and processes	February		
Year end audit	March/April	Audit and Finance Committee	Outline Audit Plan
Year end audit Audit Completion procedures	June/July	TBC	Audit Results Report Audit opinions and completion certificates Annual Auditor's Report including commentary on VFM

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08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
 - ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- The overall assessment of threats and safeguards;
Information about the general policies and process within EY to maintain objectivity and independence.

Page 37

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Kevin Suter, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we have an investment in the Council; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

When the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.
There are no other threats at the date of this report.

EY Transparency Report 2022

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2022:

[EY UK 2022 Transparency Report | EY UK](#)



09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2021/22	Scale fee 2021/22	Final Fee 2020/21
	£	£	£
PSAA Scale Fee	36,036	36,036	36,036
Additional work required for going concern and Covid-19 considerations (1)	5,000	N/A	6,171
Additional work required for PPE valuation (1)	5,000	N/A	5,522
Additional specific work in relation to Pension Fund IAS 19 data submission procedures undertaken for admitted bodies as well as other IAS 19 procedures (1)	1,500	N/A	1,645
Additional work on aspects of housing benefit income and expenditure which would previously have been performed as part of HB certification. (1)	478	N/A	478
Quality and preparation issues (1)	Tbc	N/A	5,105
Errors and amendments (1)	Tbc	N/A	2,594
Additional fee for VFM and ISA540 (3)	8,500	N/A	8,916
<i>Scale fee plus in-year variations</i>	<i>Tbc</i>	<i>36,036</i>	<i>66,467</i>
Scale fee rebasing (2)	26,055	26,055	26,055
Total fees	TBC	62,091	92,522

Notes:

See over page

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ The production of materially accurate draft accounts
- ▶ Our audit report being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.

The outline timetable on page 31 is contingent on the above factors

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.




Appendix A




Notes to the fee table

- (1) The 2020/21 Code work includes an additional fee of £30,431, for additional work undertaken to address specific risks identified. This additional fee is the PSAA determined final fee. For 2021/22 we have included an estimate of this fee where we expect similar additional work to be performed.
- (2) We remain in discussion with PSAA about increasing the 2021/22 scale fee to reflect the additional work auditors are required to do to meet regulator requirements. This was previously communicated in 2019/20, and in our 2020/21 Auditors Annual Report. We have used the final PSAA determined fee in 2020/21 as a basis for our 2021/22 scale fee rebasing figure.
- (3) PSAA communicated a range of fees in August 2021 for the new requirements of the 2020 Code of Audit Practice, and the revised International Standard of Auditing 540 on Estimates. In the absence of further information, we have rolled this forward for 2021/22 at the lower end of the communicated range.




Required communications with the Audit Committee

We have detailed the communications that we must provide to the Audit and Finance Committee.





 Our Reporting to you

Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit and Finance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit results report – date tbc Auditor's Annual Report – date tbc




Required communications with the Audit Committee (continued)

		Our Reporting to you
Required communications	 What is reported?	  When and where
Page 44	Going concern	Audit results report – date tbc
	Misstatements	Audit results report – date tbc
	Subsequent events	Audit results report – date tbc
	Fraud	Audit results report – date tbc

Required communications with the Audit Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	<ul style="list-style-type: none"> • Significant matters arising during the audit in connection with the entity's related parties including, when applicable: • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	Audit results report – date tbc
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Planning Report</p> <p>Audit Results Report – date tbc</p>

Required communications with the Audit Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
External confirmations	<ul style="list-style-type: none"> Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report – date tbc
Consideration of laws and regulations	<ul style="list-style-type: none"> Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur Enquiry of the Audit and Finance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Finance Committee may be aware of 	Audit results report – date tbc
Internal controls	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit 	Audit results report – date tbc
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report – date tbc
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report – date tbc
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	Audit results report – date tbc
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit plan is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Audit Planning Report Audit Results Report – date tbc
Value for Money	<ul style="list-style-type: none"> Risks of significant weakness identified in planning work Commentary against specified reporting criteria on the VFM arrangements, including any exception report on significant weaknesses. 	Audit planning report Audit results report – date tbc Auditor's Annual Report – date tbc

Additional audit information

Objective of our audit

Our objective is to form an opinion on the Council's financial statements under International Standards on Auditing (UK) as prepared by you in accordance with International Financial Reporting Standards as adopted by the EU, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Audit Committee. The audit does not relieve management or the Audit Committee of their responsibilities.

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Audit and Finance Committee reporting appropriately addresses matters communicated by us to the Audit and Finance Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

Additional audit information (continued)

Other required procedures during the course of the audit (continued)

Procedures required by the Audit Code	<ul style="list-style-type: none"> • Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement. • Examining and reporting on the consistency of consolidation schedules or returns with the Council’s audited financial statements for the relevant reporting period
Other procedures	<ul style="list-style-type: none"> • We are required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice

We have included in Appendix B a list of matters that we are required to communicate to you under professional standards.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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ED None

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NON-EXEMPT

HAVANT BOROUGH COUNCIL

AUDIT AND FINANCE COMMITTEE

23 MARCH 2023

INTERNAL AUDIT PROGRESS REPORT 2022-23 (FEBRUARY 2023)

FOR NOTING

Portfolio Holder: Cllr Denton

Key Decision: No

Report Number:

1. Purpose

- 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. Recommendation

- 2.1. That the Audit and Finance Committee note the Internal Audit Progress Report, reflecting progress to 28th February 2023, attached as Appendix 1.

3. Executive Summary

- 3.1. 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.'

The Internal Audit Progress Report, attached as Appendix 1, summarises the performance of Internal Audit for 2022-23 to 28th February 2023.

4. Additional Budgetary Implications

4.1. None directly from this report.

5. Background and relationship to Corporate Strategy, Climate & Environment Strategy and/or Business Plans

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

6. Options considered

6.1. Not applicable.

7. Resource Implications

7.1. Financial Implications

7.2. 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.



7.3. Human Resources Implications

None directly from this report.

7.4. Information Governance Implications

None directly from this report.

7.5. Other resource implications

None directly from this report

8. Legal Implications

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

Monitoring Officer comments

Date:

9. Risks

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

10. Climate & Environment Implications

10.1. None directly from this report.

11. Consultation

11.1. This report has been discussed with the Council's Section 151 Officer who has regular update meetings with the Deputy Head of Southern Internal Audit partnership.

12. Communication

12.1. None directly from this report.

13. Appendices

13.1. Appendix 1 - Internal Audit Progress Report 2022-23 (February 2023).

14. Background papers

14.1. Internal Audit Plan 2022-23. Audit and Finance Committee 27 April 2022.
Agenda item 8.

Agreed and signed off by:

Portfolio Holder: Councillor Tony Denton

Director:

Monitoring Officer: Mark Watkins

Section 151 Officer: Wayne Layton – Head of Corporate Finance and Deputy S151 Officer

Contact Officer

Name: Antony Harvey

Job Title: Deputy Head of Southern Internal Audit Partnership

Telephone: 07784 265289

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

Internal Audit Progress Report 2022-23

February 2023

Havant Borough Council



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

Contents:

1.	Role of Internal Audit	3
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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 organisation’s objectives.

2. Purpose of report

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

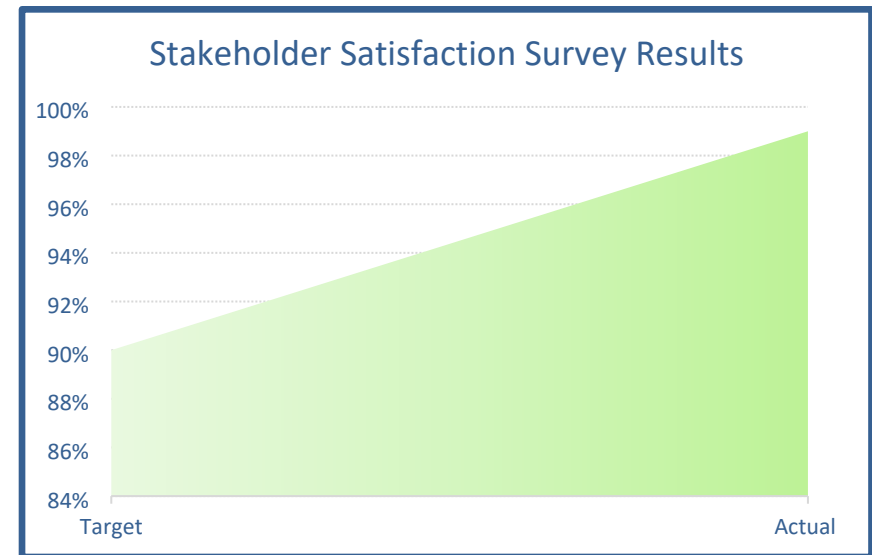
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. 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	EHoP	Limited **	10	0	9	1		
Animal Welfare (Licensing)	May 20	EHoP	Limited **	14	0	13		1	
Licensing	Jun 20	EHoP	Adequate **	6	0	4			2
Information Governance	Jun 20	EHoIS	Limited **	8	0	7		1	
Norse South East - Governance	Apr 21	EHoC	Reasonable	5	0	3		2	
Lease Income	Jun 21	EHoC	Reasonable	3	1	0			2
Building Control	Jun 21	EHoP	Limited	9	0	6			3
Business Rates	Nov 21	HoCS	Reasonable	3	0	0	2	1	
Tree Management	Dec 21	EHoP	Reasonable	5	0	3	2		
Planning Enforcement	Jan 22	EHoP	Reasonable	4	0	3		1	
Disabled Facilities Grants	Feb 22	EHoP	Reasonable	14	0	8	1	5	
Main Accounting 20/21	Mar 22	CFO	Reasonable	3	0	0	3		
Risk Management *	Mar 22	EHoIS	Limited	13	0	13			
Hampshire Home Choice- Housing Register (Homelessness) *	Apr 22	EHoRC	Reasonable	3	0	3			
Procurement Arrangements	Apr 22	EHoC	Limited	11	0	1	3	7	
Income Collection and Banking	Jun 22	CFO	Reasonable	2	2	0			
Accounts Payable	Jun 22	CFO	Reasonable	6	4	2			
Accounts Receivable & Debt Management	Jul 22	CFO	Limited	7	7	0			
Planning / Developers Contributions	Jul 22	EHoP	Reasonable	2	0	0		1	1
IT Device Management	Jul 22	EHoC	Reasonable	9	0	6		3	

Cyber-Attack Response Pathway	Aug 22	EHoC	Reasonable	10	0	7		2	1
Contract Management	Aug 22	EHoC	Reasonable	3	2	0			1
Asset Management (Tenanted Properties)	Nov 22	EHoC	Limited	4	4	0			
Council Tax	Dec 22	EHoC	Reasonable	3	0	0		2	1
Total Management Actions (number)				157	20	88	12	26	11
Total Management Actions %				100	13	56	8	16	7

* 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.

The management actions have been assigned the following priority ratings by the officers responsible for implementing the actions:-

High Priority	An immediate risk of failure to achieve objectives; system breakdown; or loss. Such risk could lead to an adverse impact on the organisation or exposure to criticism.
Medium Priority	Although not immediate, there is risk of failure to achieve objectives; system breakdown; or loss.
Low Priority	Areas that individually have no immediate risk impact, but where management would benefit from enhanced process/control or efficiencies.

Audit Sponsor	
Executive Head of Place	EHoP
Executive Head of Internal Services	EHoIS
Executive Head of Commercial	EHoC
Executive Head of Regeneration and Communities	EHoRC
Chief Finance Officer	CFO

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 2022-23 audit work.

6. Planning & Resourcing

The internal audit plan for 2022-23 was approved by the Audit and Finance Committee on 27 April 2022. The plan included provisions for consultancy/advisory work to support the Council with transitioning from the Joint Management / Shared Staff Arrangements with East Hampshire District Council and to respond to corresponding emerging issues and risks. The audit requirements are regularly discussed with the senior management team, and once established, proposed plan changes reported to the Audit and Finance Committee for consideration and agreement (Annex 1).

Progress against the plan is detailed within section 7.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Brought forward audits included within the 2021-22 Annual Internal Audit Report and Opinion								
Asset Management (Tenanted Properties)	EHoC	✓	✓	✓	Jul 22	Nov 22	Limited	
Council Tax	EHoC	✓	✓	✓	Jun 22	Dec 22	Reasonable	
2022-23								
Corporate / Governance Reviews								
Risk Management Arrangements – Follow-up	EHoIS	✓	✓	✓	Nov 22	Feb 23	n/a	
Financial Stability – Budget Re-basing & MTFs revision	CFO	✓	✓	✓	Feb 23	Feb 23	Substantial	

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Asset Management (Tenanted Properties) – Follow-up	EHoC	✓						
Business Continuity / Disaster Recovery	EHoIS	✓	✓	✓				
Corporate Governance Framework – Annual Governance Statement	EHoIS	✓	✓	✓	Oct 22	Oct 22	Substantial	
Information Governance – CAPITA	EHoIS	✓	✓					
Contract Management Arrangements	EHoC	✓	✓	✓	Jul 22	Aug 22	Reasonable	
Fraud Framework - National Fraud Initiative (NFI)	CFO	n/a	n/a	✓	n/a	n/a	n/a	On-going
Human Resources – Recruitment **	EHoIS	✓	✓	✓				
Financial Management								
Accounts Payable	CFO	✓	✓	✓				
Accounts Receivable / Debt Management	CFO	✓	✓	✓				
Treasury Management	CFO	✓	✓	✓				
Benefits (including Council Tax Support Scheme)	EHoC	✓	✓	✓				
Information Technology								
ICT - Data Decoupling	EHoC	✓						
Service / Other Reviews								
Homelessness **	EHoRC	✓	✓	✓				

Proposed plan changes ** - see Annex 1

Annex 1 - Adjustments to the plan

Audit reviews added to the plan (included in rolling work programme above)	Comment
Contract Management Arrangements *	Brought forward from 2021-22 plan as work in progress at the time of the Annual Internal Audit Report and Opinion.
Corporate Governance Framework - AGS *	A review of the arrangements to inform the Annual Governance Statement (AGS).
Information Governance – CAPITA *	To provide assurance over CAPITA’s Information Governance arrangements including training and incident reporting (potential breaches).
Homelessness **	To review progress with implementing the action plan following the DLUHC intervention visit.
Human Resources – Recruitment **	To provide assurance over the recruitment, pre-employment checks and on-boarding processes.

Audit reviews removed from the plan (excluded from rolling work programme)	Comment
Norse South-East Partnership *	Defer the review due to on-going discussions to end the Inter Authority Agreement to provide services to East Hampshire District Council. Review once new arrangements have been established and become embedded.

Agreed October 2022 *

Proposed March 2023 **

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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NON-EXEMPT

HAVANT BOROUGH COUNCIL

AUDIT & FINANCE COMMITTEE

23 March 2023

Quarterly Governance & Risk Report

FOR NOTING

Portfolio Holder: Cllr Denton

Key Decision: No

Report Number: HBC/125/2023

1. Purpose

- 1.1. This paper is submitted to Audit & Finance Committee to provide a strategic overview of governance matters for quarter three 2022-23. It is part of our regular reporting of governance matters.

2. Recommendation

- 2.1. Committee are asked to note the summary of governance information contained in Appendix 1.

3. Executive Summary

- 3.1. Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 3.2. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with, and where appropriate, lead their communities. Ultimately, corporate governance is the system by which we direct and control our functions, and how they relate to our community.

3.3. The quarterly Corporate Governance report at Appendix 1 details information covering:

- a. Corporate risk
- b. Complaints
- c. Information requests
- d. Internal & External Audit
- e. Equality and inclusion
- f. Annual Governance Statement
- g. Business Continuity Plans

4. Additional Budgetary Implications

4.1. None

5. Background and relationship to Corporate Strategy, Climate & Environment Strategy and/or Business Plans

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. Options considered

6.1. None - regular reporting of governance is a key part of good governance, ensuring that the council's is operating effectively.

7. Resource Implications

7.1. *Financial Implications* – none

Section 151 Officer comments

Date: 13/03/23

There are no direct financial implications as a result of approving the recommendations within the report.

7.2. *Human Resources Implications:* none

7.3. *Information Governance Implications* – none

7.4. *Other resource implications* – none

8. Legal Implications

8.1. No direct legal implications arise

Monitoring Officer comments

Date: 21/2/2023

The remit of the Audit & Finance Committee is to review the Council's corporate governance arrangements and to monitor the effective development and operation of risk management in the Council (Section E3 – Audit & Finance Committee, Part 2 Section E Non-Executive Committees, Constitution)

9. Risks

9.1. The corporate risk register has been updated as part of the quarterly review. All corporate risk are reported through the Management Team. Mitigations are in place for handling all corporate risks. A summary of all the corporate risk scores and movements over the previous quarter is provided within the report at appendix 1.

10. Climate & Environment Implications

10.1. None.

11. Consultation

11.1. The information contained within this report has been gathered through quarterly data collection supplied by managers and Executive Heads. The report has been reviewed by the Management Team and also presented to Cabinet Briefing.

12. Communication

12.1. This report will be shared with Councillors as part of the publication of the Audit & Finance Committee papers which this report is sent to.

13. Appendices

Appendix 1 – Quarterly Governance & Risk report

14. Background papers

None

Agreed and signed off by:

Executive Head: Matt Goodwin 20/2/23

Monitoring Officer: Mark Watkins, Chief Legal Officer 21/2/23

Deputy Section 151 Officer: Wayne Layton, Chief Finance Officer 13/3/23

Quarterly governance update

for Cabinet Briefing and Audit Committee

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Q3 2022-23



Areas covered

- Corporate risk
- Complaints
- Information requests
- Internal audit and external audit
- Equality and inclusion
- Annual Governance Statement
- Business Continuity Plans



Risk management

- Meetings held with all service managers to ensure awareness of corporate risk management arrangements
- Improved engagement now being seen as per Q3 updates received

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Service risk registers now fully established and being reviewed regularly






- Follow up internal audit on risk management completed with all outstanding management actions completed








Corporate risk register – summary

Likelihood →	1	2	3	4	5
Impact →	1	2	3	4	5
5					
4		<ul style="list-style-type: none"> • Nutrient neutrality (Local Plan delivery) 		<ul style="list-style-type: none"> • Risk of disruption to council services • Homelessness & Housing 	
3	Page 74	<ul style="list-style-type: none"> • Medium Term Financial Strategy • Transition to standalone council • Data ownership following separation 	<ul style="list-style-type: none"> • Cyber attack - data leak • Poor commercial contract negotiation • Contract - Capita • Legislative changes • Stakeholder relations 	<ul style="list-style-type: none"> • Property • IT provision: long term • Manpower • Broadmarsh sea defence • Local Plan • Environment Act 	
2		<ul style="list-style-type: none"> • Norse depot • Customer satisfaction 	<ul style="list-style-type: none"> • IT provision: short term • Regeneration inc funding opportunities • Reputational damage • Breach of state aid rules 	<ul style="list-style-type: none"> • Corporate project delivery • Emsworth Mill Pond • Contract - Environmental Services • Contingent liabilities 	
1					

TOP LEVEL RISKS AND RECENT MOVEMENTS

Risk	Updates	Move
Nutrient neutrality (Local Plan delivery)	Likelihood increased due to limited capacity at Warblington. Mitigations updated to reflect ongoing work to ensure scheme continues to operate effectively and to cover our needs in short term with longer term options being reviewed.	
Local Plan	Overall risk increased due to pre-submission now not likely until 2024, although successful consultation held in Oct-Nov 2022 to take forward plan	
Homelessness	Updated mitigations and remains a significant risk although opening of Brent House in Dec 2022	
Cyber attack – data leak and/or system loss	Updated to reflect continued mitigations in place. Very few successful attacks; mainly related to spear-phishing. Training and testing remain as the key mitigations	
Customer satisfaction	Updated mitigations to reflect client team in place and focussing on performance improvement (as can be seen by reduction in complaints in particular in waste area)	
Contract Management - Capita	Updated mitigations to reflect creation of contract management tool in PowerBI and improved training offer for officers to improve performance	
Property	Updated mitigations to reflect new Head joining in Feb 23 and new team structure in place and operating with new IT system planned for summer	
Risk of disruptions to Council services	Updated mitigations to reflect ongoing work (Business Continuity Plans review)	
Environment Act	Updated mitigations to reflect ongoing work	

TOP LEVEL RISKS AND RECENT MOVEMENTS

Risk	Updates	Move
Capita business model	Risk closed as no longer an issue as we approach the end of the contract and future options are being explored for future delivery	
IT provision (long term)	Scoring reduced with improved mitigations in place and delivery of the IT infrastructure paper going through Cabinet in January	
IT provision (short term)	Scoring reduced to reflect updated mitigations and team in a good position to respond to short term (P1) major issues in a timely way to keep services running	
Contract Management – Environmental Services	Scoring reduced to reflect fully established client team and work on ending of the delegation agreement with EHDC	
Transition inc data migration	Likelihood further reduced as transition project draws to a close, monitoring outstanding actions	

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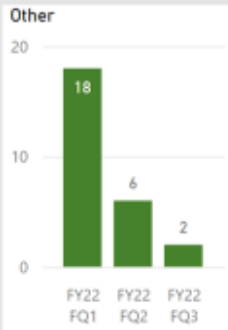
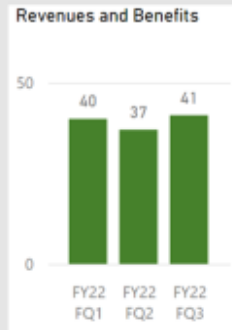
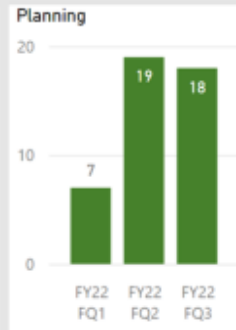


Complaints



Find out more about our Complaints Policy and Procedure

Number of complaints received



Number of Local Government Ombudsman complaints upheld

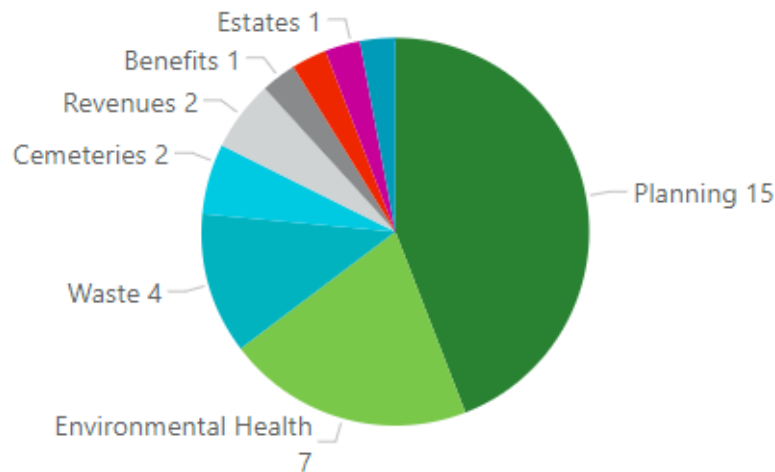


Customers who have been through Stage 1 and 2 of our Complaints Policy may refer their complaint to the Local Government Ombudsman for independent review if they are not satisfied with the council's response. Complaints are classified as upheld where the Ombudsman finds that the council was at fault.

% of complaints completed within 10 days



Outstanding complaints by service



COMPLAINTS DASHBOARD - End of Q3

Exceeded Service level

Service	Total
Planning	13
Environmental Health	7
Cemeteries	2
Revenues	2
Benefits	1
Communications	1
Estates	1
Planning Enforcement	1

Total 28

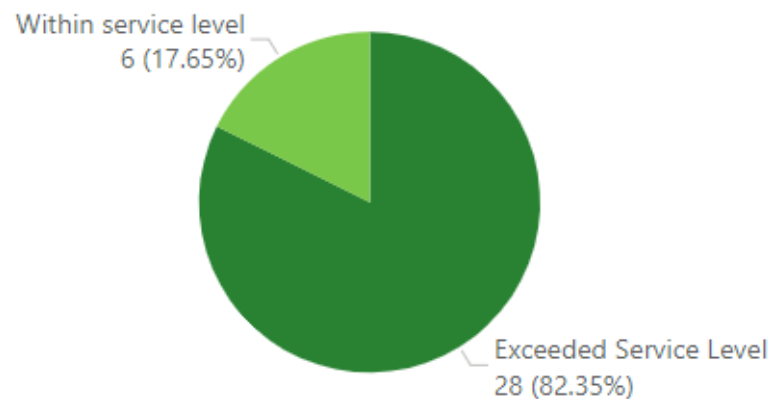
Within service level

Service	Total
Planning	2
Waste	4
Total	6

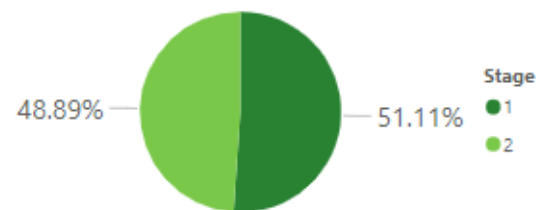
Approaching deadline

Service Total

Outstanding complaints responses



Outstanding complaints by stage



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Date	Total complaints outstanding	Waste complaints outstanding
14 Oct	166	121
28 Oct	119	71
31 Dec	33	4

Information requests

[Find out more about access to information](#)

[View previous FOI requests](#)

Freedom of Information requests



Environmental Information Regulations requests



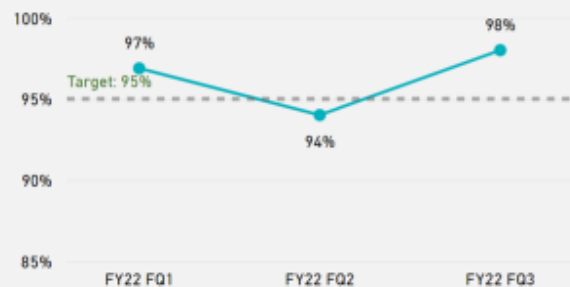
Subject Access Requests



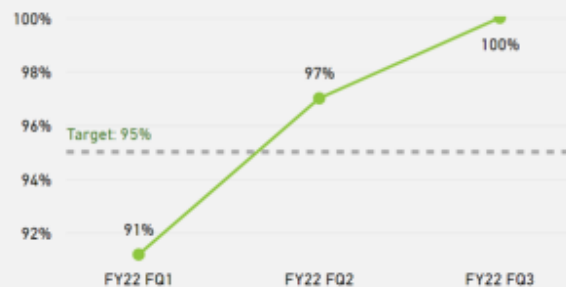
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% of requests completed within the statutory timeframe

Freedom of Information requests



Environmental Information Regulations requests



Subject Access Requests



Internal & external audit summary

Internal audit

- 68 outstanding management actions which need progressing
- Internal Audit are scheduled to bring forward their next quarterly progress update to the next Audit Committee

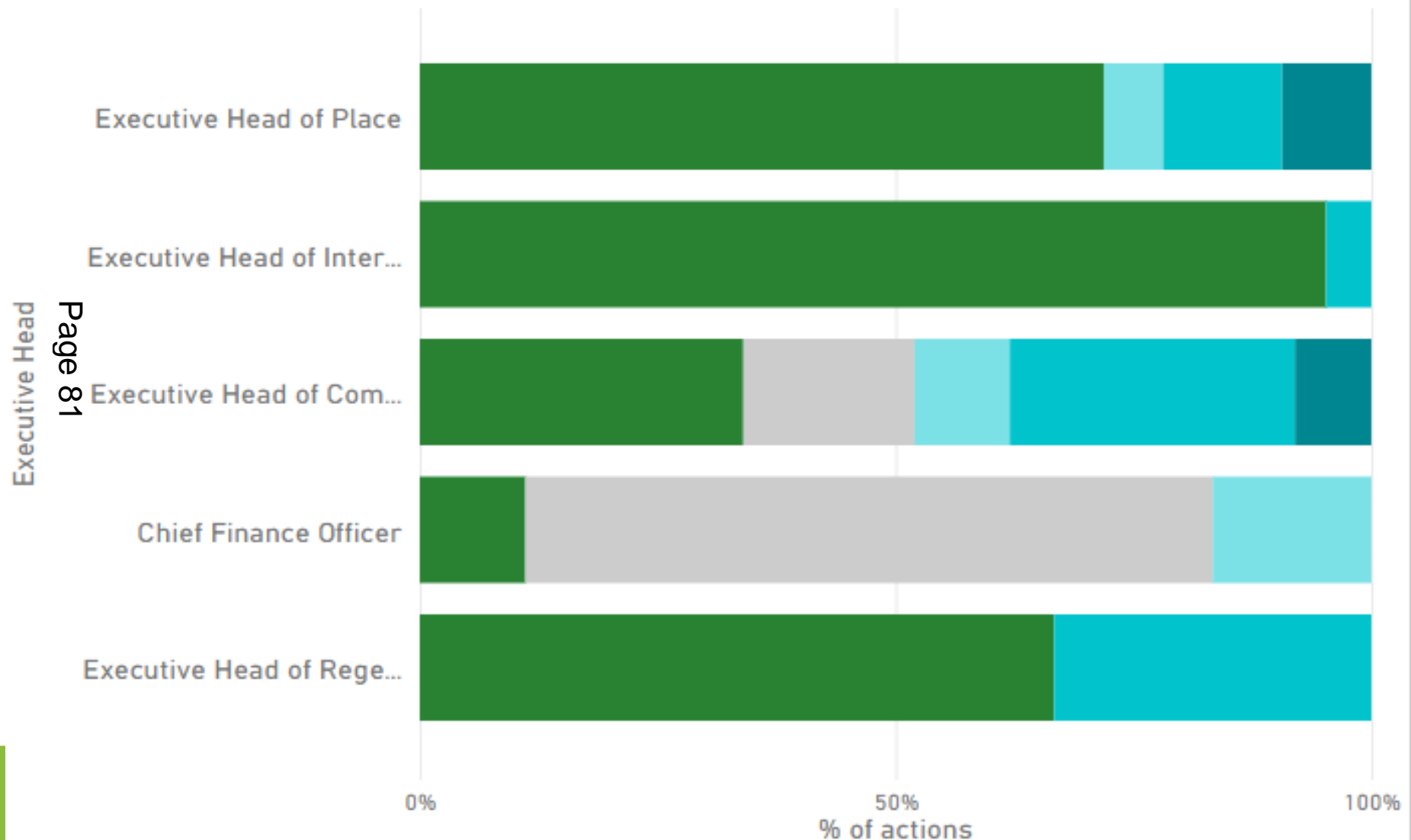
External audit

- The draft Statement of Accounts 2021/22 were published on our website with the public inspection period lasting from 17 October 2022 until 25 November 2022.
- [Draft Statement of Accounts 2021/22](#)
- External Audit have not yet confirmed a date to start the 2021/22 audit due to resourcing issues in EY.



Internal Audit – outstanding actions

● Complete ● Not Yet Due ● Overdue - Low Priority ● Overdue - Medium Priority ● Overdue - High Priority



Equality and Inclusion

- Awareness campaigns: Occupational Health, supporting parents of ADHD children, World Menopause Day, World Braille Day
- Working closely with new HR team on equalities matters and with the Elections team on new election requirements re accessibility
- Events supporting Ukrainians and hosts
- New (external) Diversity Network set up with South Hampshire Equality Diversity Officers

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Equality and Inclusion

- Work planning for the internal staff Diversity and Wellbeing Group
- Drafted new committee report template to include equality and socio-economic impact awaiting Monitoring Officer sign off

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Annual Governance Statement - Questionnaire

- Survey run every year to support preparation of Annual Governance Statement
- Asks staff to self-assess governance arrangements in their service
- Currently open for responses (January 2023) and analysis will be brought to Management Team in February



Annual Governance Statement

Area for improvement	Progress update as of end of December 2022
Transition to standalone Council	<ul style="list-style-type: none"> Substantial work on data transition was completed during Q3 and the vast majority of services were operating as standalone in time for the ending of the Joint Management Team Agreement in December 2022. A small number of services will continue to be shared into 2023, pending further decision and transition arrangements – these are covered by separate Inter Authority Agreements. Project closure documentation being compiled – expenditure looks to be less than had been budgeted for.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 85</p> Review of the budget and MTFS	<ul style="list-style-type: none"> The MTFS Budget Working Group has concluded its work with report to Full Council on 16 November. Finance are currently finalising the budget for 2023/24 and updating the MTFS based on the Local Government Financial Settlement and requests from services for funding. The overall risk on the MTFS has been reduced on the Corporate Risk Register and will be reviewed regularly in line with financial reporting
Review of corporate governance arrangements	<ul style="list-style-type: none"> Internal audit on governance completed with ‘substantial’ assurance rating and no management actions identified. Corporate Governance Board continues to meet fortnightly to discuss reports coming forward for decision. Updates to the Constitution to reflect new management structure will be progressed in early 2023. Rigorous recruitment process undertaken to appoint to remaining permanent Management Team posts, with onboarding to begin shortly.

Business Continuity Plans

- Currently reviewing BCPs (both corporate and service)
- Updated Corporate BCP shared with MT Services updating their service BCP
- Review and testing of service BCP and impact on Corporate BCP to take place in March 23



- Questions
- Next steps
 - Annual Governance Statement
 - Presentation to Cabinet Briefing and then to next Audit Committee



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