

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



**Havant**  
BOROUGH COUNCIL

Telephone: 023 9244 6019  
Website: [www.havant.gov.uk](http://www.havant.gov.uk)

15 March 2024

## SUMMONS

Dear Councillor

You are requested to attend the following meeting:

**Meeting:** Audit and Finance Committee  
**Date:** Monday 25 March 2024  
**Time:** 5.30 pm  
**Venue:** Hurstwood Room, Public Service Plaza, Civic Centre Road,  
Havant, Hampshire PO9 2AX

The business to be transacted is set out below:

Steve Jorden  
Chief Executive

### AUDIT AND FINANCE COMMITTEE MEMBERSHIP

**Chairman:** Councillor Diamond

Councillors Denton, Guest, Linger (Vice-Chairman), Harris, Patel, Rason and Wade

Contact Officer: Mark Gregory 023 9244 6232  
Email: [mark.gregory@havant.gov.uk](mailto:mark.gregory@havant.gov.uk)

### AGENDA

Can councillors please submit any detailed technical questions on the items included in this agenda to the contact officer at least 2 clear working days before the meeting starts.

**1 Apologies for Absence**

To receive and record any apologies for absence.

**2 Minutes**

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To approve the minutes of the meeting of the Planning Committee held on

**3 Declarations of Interests**

To receive and record any declarations of interests from Members present.

**4 External Audit Plan - Verbal Update**

**5 Internal Audit Progress Report 2023-24 3 - 20**

**6 Internal Audit Plan 2024-25 21 - 34**

**7 Internal Audit Charter 35 - 50**

**8 Annual Governance Statement 2023/24 51 - 74**

## **GENERAL INFORMATION**

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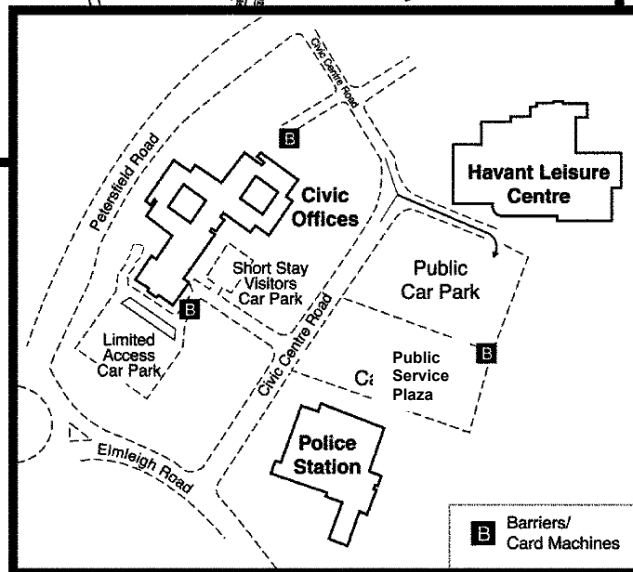
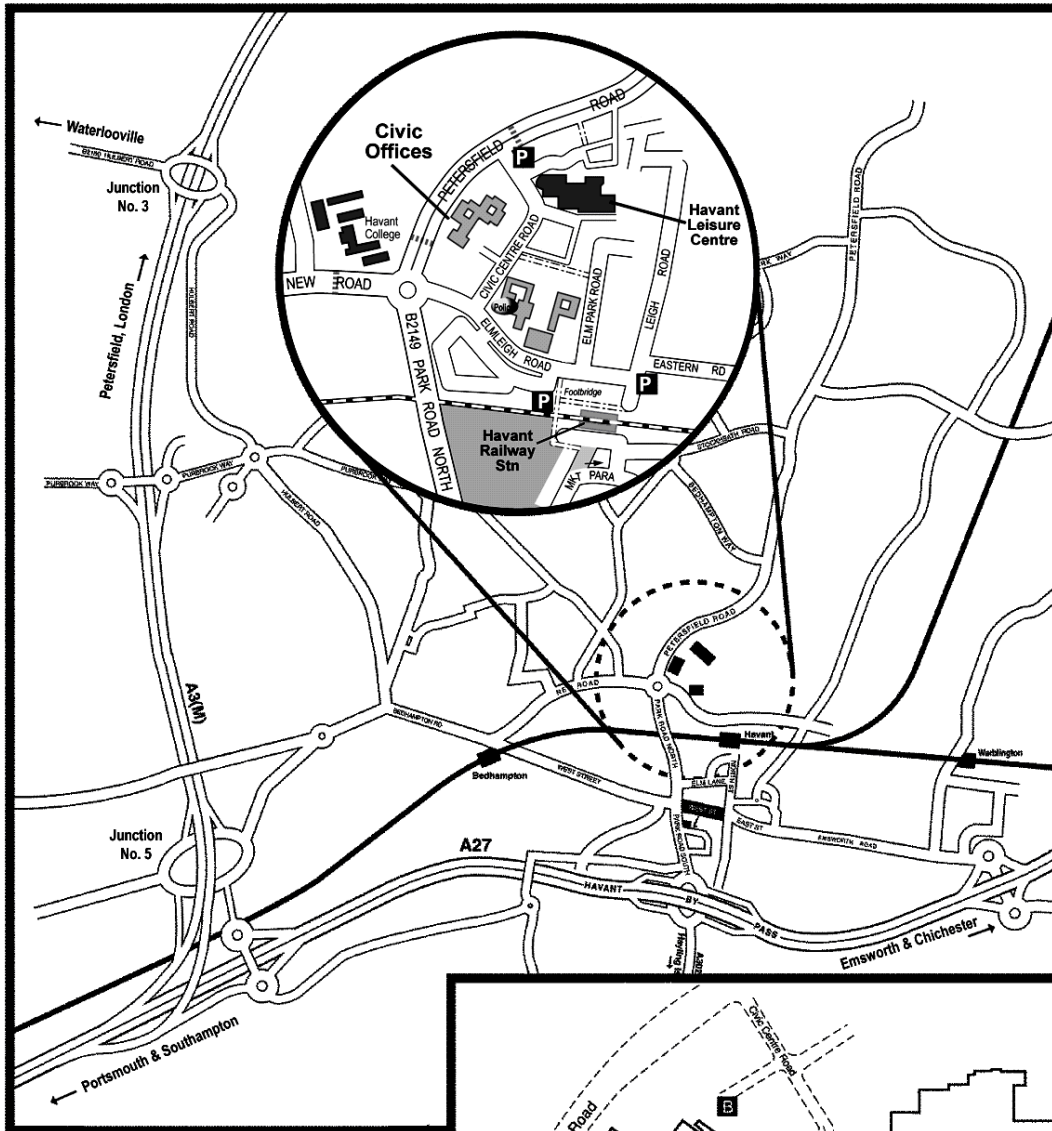
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## HAVANT BOROUGH COUNCIL

At a meeting of the Audit and Finance Committee held on 29 January 2024

Present

Councillor: Diamond (Chairman)

Councillors: Wade, Harris, Denton and Linger (Vice-Chairman)

### **26 Apologies for Absence**

Apologies for absence were received from Councillor Rason.

### **27 Minutes**

RESOLVED that the minutes of the meeting of the Audit and Finance Committee held on 30 October 2023 be approved as a true record and signed by the Chairman.

### **28 Declarations of Interests**

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

### **29 External Audit Verbal Update on Financial Statements**

Ernst & Young provided a verbal update on the financial statements.

The Chief Finance officer extended his thanks to the external auditors.

RESOLVED that progress report be noted.

### **30 2024/25 Draft Budget**

The Cabinet Lead for Finance introduced the 2024/25 draft budget and gave the Committee an opportunity to comment on the structure and presentation of the draft report.

The Chief Finance Officer answered questions raised by Members of the Committee.

It was noted that details of the proposed budget would be scrutinised by the Overview and Scrutiny Committee on 12 February 2024.

RESOLVED that the report be noted.

**The meeting commenced at 5.00 pm and concluded at 5.57 pm**

.....  
**Chairman**

|                             |  |                      |         |
|-----------------------------|--|----------------------|---------|
| <b>Name of Committee:</b>   | Audit & Finance Committee  |                      |         |
| <b>Committee Date:</b>      | 25 <sup>th</sup> March 2024  |                      |         |
| <b>Report Title:</b>        | Internal Audit Progress Report 2023-24   |                      |         |
| <b>Responsible Officer:</b> | Steven Pink  |                      |         |
| <b>Cabinet Lead:</b>        | Councillor Bowdell   |                      |         |
| <b>Status:</b>              | Non-Exempt   |                      |         |
| <b>Urgent Decision:</b>     | No   | <b>Key Decision:</b> | Yes/ No |
| <b>Appendices:</b>          | Appendix 1 - Internal Audit Progress Report 2023-24 (February 24)                        |                      |         |
| <b>Background Papers:</b>   | Internal Audit Plan 2023-24. Audit and Finance Committee 30 October 2023. Agenda Item 5. |                      |         |
| <b>Officer Contact:</b>     | Name: Steven Pink<br>Email: Steven.pink@havant.gov.uk                                    |                      |         |
| <b>Report Number:</b>       | HBC/097/2024   |                      |         |

**Corporate Priorities:**

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.

**Executive Summary:**

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 2023-24 to 29<sup>th</sup> February 2024.

**Recommendations:**

The Audit and Finance Committee is requested to:

- 1) Note the Internal Audit Progress Report, reflecting progress to 29th February 2024, attached as Appendix 1.

## 1.0 Introduction

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

## 2.0 Background

- 2.1 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:

- 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.

## 3.0 Options

- 3.1 Not applicable.

## 4.0 Relationship to the Corporate Strategy

- 4.1 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.

## 5.0 Conclusion

- 5.1 The Internal Audit Progress Report, attached as Appendix 1, summarises the performance of Internal Audit for 2023-24 to 29<sup>th</sup> February 2024 and provides the status of 'live' internal audit reports.



## 6.0 Implications and Comments

### 6.1 S151 Comments

Internal Audit is a vital function that provides professional scrutiny and challenge to the organisation and helps us to identify areas for improvement and allows for intervention before risks are allowed to grow or become embedded.

The Council works closely with the Southern Internal Audit Partnership to ensure transparency and provide all relevant access to data and officers to assist in delivering a thorough audit process.

The risk-based approach allows for the right areas to be targeted without overburdening officers or placing undue costs upon the Council.

It is clear from the report that there are some areas for improvement. Some of these stem from historical leadership where there has been some management knowledge loss compounded over time. Other areas requiring improvement were known and have been target by the Executive Leadership Team for audit work to gain greater clarity of the required improvements which can be used to formulate robust improvement plans. The Council's management team will aim to ensure all Assurance opinions are at least to a "reasonable" level during the next year and that we are working towards "substantial" in all key areas.

The report finding are accepted and built into future service design and delivery plans.

### 6.2 Financial Implications

Internal Audit is provided through the Southern Internal Audit Partnership. The audit plan consists of 250 audit days and will remain fluid throughout the year to meet the changing needs and capacity of the Council.

### 6.3 Monitoring Officer Comments

Internal Audit plays a vital role in Council's governance procedures and assurance processes. It is the role of the Audit and Finance Committee to ensure that the Council has a sound system of internal control which facilitates the effective exercise of its functions and the

achievements of its aims and objectives. This role includes the consideration of reports from the internal auditor in respect of updates, key findings and action in hand as a result of internal services work.

#### 6.4 Legal Implications

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

#### 6.5 Equality and Diversity

Not applicable.

#### 6.6 Human Resources

Not applicable.

#### 6.7 Information Governance

Not applicable.

#### 6.8 Climate and Environment

Not applicable.

### 7.0 Risks

7.1 Failure to deliver a coherent and appropriate audit plan would increase the risk of failing within the Council's service delivery.

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

### 8.0 Consultation

8.1 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.

### 9.0 Communications

9.1 Not applicable.

| <b>Agreed and signed off by:</b> |                   | <b>Date:</b> |
|----------------------------------|-------------------|--------------|
| <b>Cabinet Lead:</b>             | Cllr Neil Bowdell | 15//03/24    |
| <b>Executive Head:</b>           | Matt Goodwin      | 15/03/24     |
| <b>Monitoring Officer:</b>       | Jo McIntosh       | 14/03/24     |
| <b>Section151 Officer:</b>       | Steven Pink       | 15/03/24     |

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## Internal Audit Progress Report 2023-24

February 2024

Havant Borough Council



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## 1. Role of Internal Audit

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

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

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

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

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

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.

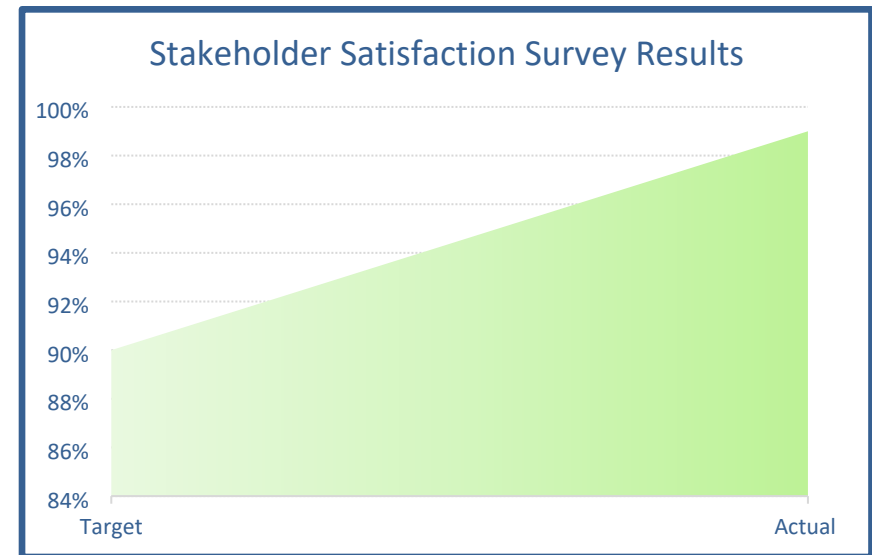
Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as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

|                    |  |
|--------------------|--|
| <b>Substantial</b> | 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.  |
| <b>Reasonable</b>  | 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.                     |
| <b>Limited</b>     | 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.                       |
| <b>No</b>          | 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 |
| <b>Information Governance *</b>        | <b>Jun 20</b> | <b>EHoIS</b>  | <b>Limited **</b> | <b>8</b>                   | <b>0</b>    | <b>8</b> |         |   |   |
| Norse South East - Governance          | Apr 21        | EHoC          | Reasonable        | 5                          | 0           | 3        |         | 2 |   |
| Lease Income                           | Jun 21        | EHoC          | Reasonable        | 3                          | 0           | 0        |         |   | 3 |
| Building Control                       | Jun 21        | EHoP          | Limited           | 9                          | 0           | 6        |         |   | 3 |
| Business Rates                         | Nov 21        | HoCS          | Reasonable        | 3                          | 0           | 1        | 2       |   |   |
| Tree Management                        | Dec 21        | EHoP          | Reasonable        | 5                          | 0           | 4        | 1       |   |   |
| Planning Enforcement                   | Jan 22        | EHoP          | Reasonable        | 4                          | 0           | 3        |         | 1 |   |
| Disabled Facilities Grants             | Feb 22        | EHoP          | Reasonable        | 14                         | 0           | 8        | 1       | 5 |   |
| Main Accounting                        | Mar 22        | CFO           | Reasonable        | 3                          | 0           | 0        | 3       |   |   |
| Procurement Arrangements               | Apr 22        | EHoC          | Limited           | 11                         | 0           | 1        | 3       | 7 |   |
| <b>Income Collection and Banking *</b> | <b>Jun 22</b> | <b>CFO</b>    | <b>Reasonable</b> | <b>2</b>                   | <b>0</b>    | <b>2</b> |         |   |   |
| <b>Accounts Payable *</b>              | <b>Jun 22</b> | <b>CFO</b>    | <b>Reasonable</b> | <b>6</b>                   | <b>0</b>    | <b>6</b> |         |   |   |
| Accounts Receivable & Debt Management  | Jul 22        | CFO           | Limited           | 6                          | 0           | 4        | 1       | 1 |   |
| Planning / Developers Contributions    | Jul 22        | EHoP          | Reasonable        | 2                          | 0           | 0        |         | 1 | 1 |
| IT Device Management                   | Jul 22        | EHoC          | Reasonable        | 9                          | 0           | 8        |         | 1 |   |
| Cyber-Attack Response Pathway          | Aug 22        | EHoC          | Reasonable        | 10                         | 0           | 9        |         | 1 |   |
| Contract Management                    | Aug 22        | EHoC          | Reasonable        | 3                          | 0           | 0        |         | 2 | 1 |
| Asset Management (Tenanted Properties) | Nov 22        | EHoC          | Limited           | 4                          | 1           | 0        | 1       |   | 2 |

|   |               |              |                   |            |          |            |           |           |           |
|---|---------------|--------------|-------------------|------------|----------|------------|-----------|-----------|-----------|
| Council Tax                                     | Dec 22        | EHoC         | Reasonable        | 3          | 0        | 0          | 2         | 1         |           |
| Accounts Payable                                | Apr 23        | CFO          | Reasonable        | 7          | 0        | 5          | 2         |           |           |
| Treasury Management                             | Apr 23        | CFO          | Reasonable        | 5          | 1        | 3          | 1         |           |           |
| Homelessness                                    | Apr 23        | EHoHC        | Reasonable        | 3          | 0        | 2          | 1         |           |           |
| Human Resources – Recruitment                   | May 23        | EHoIS        | Reasonable        | 14         | 0        | 13         | 1         |           |           |
| <b>Business Continuity Planning *</b>           | <b>May 23</b> | <b>EHoIS</b> | <b>Reasonable</b> | <b>7</b>   | <b>0</b> | <b>7</b>   |           |           |           |
| Accounts Receivable / Debt Management           | Jul 23        | CFO          | Limited           | 14         | 0        | 12         | 2         |           |           |
| Asset Management – Lease Income                 | Aug 23        | EHoC         | Reasonable        | 8          | 2        | 2          |           | 4         |           |
| Information Governance                          | Oct 23        | EHoC         | Reasonable        | 9          | 5        | 4          |           |           |           |
| Benefits (including Council Tax Support Scheme) | Dec23         | EHoC         | Reasonable        | 7          | 0        | 3          | 2         | 2         |           |
| <b>Total Management Actions (number)</b>        |               |              |                   | <b>214</b> | <b>9</b> | <b>140</b> | <b>13</b> | <b>33</b> | <b>19</b> |
| <b>Total Management Actions %</b>               |               |              |                   | <b>100</b> | <b>4</b> | <b>66</b>  | <b>6</b>  | <b>15</b> | <b>9</b>  |

\* 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:-

|                        |  |
|------------------------|--|
| <b>High Priority</b>   | 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. |
| <b>Medium Priority</b> | Although not immediate, there is risk of failure to achieve objectives; system breakdown; or loss.   |
| <b>Low Priority</b>    | Areas that individually have no immediate risk impact, but where management would benefit from enhanced process/control or efficiencies.                               |

| Audit Sponsor   |        |
|---|--------|
| Chief Finance Officer                                   | CFO    |
| Executive Head for Commercial                           | EHoC   |
| Executive Head for Internal Services                    | EHoIS  |
| Chief Legal Officer and Monitoring Officer              | CLO&MO |
| Executive Head of Place                                 | EHoP   |
| Executive Head of Regeneration and Economic Development | EHoRED |
| Executive Head of Housing and Communities               | EHoHC  |

## 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 2023-24 audit work.

## 6. Planning & Resourcing

The internal audit plan for 2023-24 was approved by the Audit and Finance Committee on 30 October 2023. 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 |
|---|---------|---------|--------------------|-----------|--------------|--------------|-------------------|---------|
| <b>Corporate / Governance Reviews</b>                     |         |         |                    |           |              |              |                   |         |
| Financial Stability                                       | CFO     | ✓       | ✓                  | ✓         |              |              |                   |         |
| Norse SE Governance Arrangements                          | EHoC    | ✓       | ✓                  | ✓         |              |              |                   |         |
| Norse SE Contract Management                              | EHoC    | ✓       | ✓                  | ✓         |              |              |                   |         |
| Asset Management – Lease Income                           | EHoC    | ✓       | ✓                  | ✓         | Jun 23       | Aug 23       | Reasonable        |         |
| Strategic / Service Planning and Performance Management   | CX      | ✓       | ✓                  | ✓         |              |              |                   |         |
| Health and Safety – Contractor Management                 | CX      | ✓       | ✓                  | ✓         |              |              |                   |         |
| Information Governance - Framework                        | EHoIS   | ✓       | ✓                  | ✓         | Jul 23       | Oct 23       | Reasonable        |         |
| Information Governance – Records Management and Retention | EHoIS   | ✓       | ✓                  | ✓         |              |              |                   |         |
| Fraud Framework - National Fraud Initiative (NFI)         | CFO     | n/a     | n/a                | ✓         | n/a          | n/a          | n/a               |         |
| HR – Use of Agency Staff                                  | EHoIS   | ✓       | ✓                  | ✓         |              |              |                   |         |
| <b>Financial Management</b>                               |         |         |                    |           |              |              |                   |         |
| Benefits (including Council Tax Support Scheme)           | EHoC    | ✓       | ✓                  | ✓         | Sep 23       | Dec 23       | Reasonable        |         |
| Accounts Receivable and Debt Management                   | CFO     | ✓       | ✓                  | ✓         |              |              |                   |         |
| <b>Information Technology</b>                             |         |         |                    |           |              |              |                   |         |
| Cyber Awareness   | EHoC    | ✓       | ✓                  | ✓         |              |              |                   |         |
| Cloud Provisioning  | EHoC    | ✓       | ✓                  | ✓         |              |              |                   |         |
| <b>Service / Other Reviews</b>                            |         |         |                    |           |              |              |                   |         |

| Audit Review                      | Sponsor | Scoping | Terms of Reference | Fieldwork | Draft Report | Final Report | Assurance Opinion | Comment         |
|-----------------------------------|---------|---------|--------------------|-----------|--------------|--------------|-------------------|-----------------|
| Homelessness                      | EHoR&C  | ✓       | ✓                  | ✓         |              |              |                   |                 |
| Parking and Enforcement           | EHoR&C  | ✓       | ✓                  | ✓         |              |              |                   |                 |
| Local Authority Bus Subsidy Grant | CFO     | n/a     | n/a                | ✓         | n/a          | Jan 24       | n/a               | Grant Certified |

**Annex 1 - Adjustments to the plan**

| Audit reviews added to the plan (included in rolling work programme above) | Comment  |
|--|--|
| Norse SE Governance Arrangements *   | Proposed to split the review at the request of the Monitoring Officer, in order to separate the day to day contract management arrangements from the overarching governance arrangements, in order to assess separately. |
| Norse SE Contract Management *   |  |
| Local Authority Bus Subsidy Grant *  | Government grant requiring Internal Audit Certification that grant conditions have been met.   |

| Audit reviews removed from the plan (excluded from rolling work programme) | Comment |
|--|---------|
| None   |         |

Agreed October 2022 \*

## 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.

|                    |  |
|--------------------|--|
| <b>Substantial</b> | A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified   |
| <b>Adequate</b>    | 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 |
| <b>Limited</b>     | 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                                       |
| <b>No</b>          | 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.  |



|                             |   |                      |     |
|-----------------------------|---|----------------------|-----|
| <b>Name of Committee:</b>   | Audit & Finance Committee                             |                      |     |
| <b>Committee Date:</b>      | 25 <sup>th</sup> March 2024                           |                      |     |
| <b>Report Title:</b>        | Internal Audit Plan 2024-25                           |                      |     |
| <b>Responsible Officer:</b> | Steven Pink   |                      |     |
| <b>Cabinet Lead:</b>        | Councillor Bowdell                                    |                      |     |
| <b>Status:</b>              | Non-Exempt  |                      |     |
| <b>Urgent Decision:</b>     | No  | <b>Key Decision:</b> | Yes |
| <b>Appendices:</b>          | Appendix 1 - Internal Audit Plan 2024-25              |                      |     |
| <b>Background Papers:</b>   | None  |                      |     |
| <b>Officer Contact:</b>     | Name: Steven Pink<br>Email: Steven.pink@havant.gov.uk |                      |     |
| <b>Report Number:</b>       | HBC/096/2024  |                      |     |

**Corporate Priorities:**

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.

**Executive Summary:**

The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure the most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

To ensure the Internal Audit Plan is aligned to the needs of the Council, the plan has been developed following consultation with Council's Executive Leadership Team; a review of key documents including the Corporate Risk Register and Corporate Strategy; and our understanding of the organisation and key priorities for 2024-25.

The Internal Audit Plan will remain fluid and subject to on-going review, and amended in consultation with the relevant officers, to ensure it continues to reflect the needs and capacity of the Council. Amendments to the plan will be identified through the Chief Internal Auditor's continued contact and liaison with those responsible for the governance of the Council.

The Council's 'internal audit charter' ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit opinion. Significant matters that jeopardise the delivery of the plan, or require changes to the plan will be identified, addressed and reported to the Executive Leadership Team.

## Recommendations:

The Audit and Finance Committee is requested to:

- 1) Approve the Internal Audit Plan for 2024-25, attached as Appendix 1

## 1.0 Introduction

- 1.1 The purpose of this paper is to provide the Audit and Finance Committee with the Internal Audit Plan for 2024-25.
- 1.2 The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities, systems or processes under review that:
  - The framework of internal control, risk management and governance is appropriate and operating effectively; and
  - Risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

## 2.0 Background

- 2.1 In accordance with the Public Sector Internal Audit Standards there is a requirement that internal audit establish a risk-based audit plan to determine the resourcing of the internal audit service, consistent with the organisation's goals.
- 2.2 The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure the most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.
- 2.3 Following agreement of the Illustrative Internal Audit Coverage 2023-24 to 2025-26 in July 23, and based on conversations with key stakeholders, a review of risk registers, key corporate documents and

our understanding of the organisation, the Southern Internal Audit Partnership have developed an audit plan for 2024-25.

- 2.4 The Internal Audit Plan will remain fluid and subject to on-going review, and amended in consultation with the relevant officers, to ensure it continues to reflect the needs and capacity of the Council.

### **3.0 Options**

- 3.1 Not applicable.

### **4.0 Relationship to the Corporate Strategy**

- 4.1 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.

### **5.0 Conclusion**

- 5.1 The audit plan has been carefully considered between the Southern Internal Audit Partnership in conjunction with the Executive team at Havant Borough Council and with input from portfolio holders and Cabinet members.
- 5.2 The plan will provide an appropriate level of assurance for the Council that its practices and processes are delivered in an effective and compliant manner and minimise the risk of errors or malpractice.

### **6.0 Implications and Comments**

- 6.1 S151 Comments

The Internal Audit Plan sets out the areas of audit work and focus to be covered over the next 12 months. It forms part of a 3-year rolling plan that began in 2023/24 for internal audit work and consists of an average of 250 days audit work per year.

The Audit plan is a vital document, agreed between the Audit team and Executive Heads to cover a scope of work including key statutory and regulatory function, focus on known areas of risk or concern, areas currently under development or to review area audited in prior years that needed strengthening.

Members of the Committee should be content that the scope of the Audit plan is both broad enough and captures the appropriate key areas to be examined.

## 6.2 Financial Implications

Internal Audit is provided through the Southern Internal Audit Partnership. The audit plan consists of 250 audit days and will remain fluid throughout the year to meet the changing needs and capacity of the Council.

## 6.3 Monitoring Officer Comments

The Internal Audit Plan is fully supported by the Monitoring Officer.

## 6.4 Legal Implications

Regulation 5 (1) of the Accounts and Audit Regulations 2015 requires 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 audit standards and guidance'.

## 6.5 Equality and Diversity

Not applicable.

## 6.6 Human Resources

Not applicable.

## 6.7 Information Governance

Not applicable.

## 6.8 Climate and Environment

Not applicable.

## 7.0 Risks

### 7.1 Failure to deliver a coherent and appropriate audit plan would increase the risk of failing within the Council's service delivery.

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

## 8.0 Consultation

8.1 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.

## 9.0 Communications

9.1 Not applicable.

| <b>Agreed and signed off by:</b> |                   | <b>Date:</b> |
|----------------------------------|-------------------|--------------|
| <b>Cabinet Lead:</b>             | Cllr Neil Bowdell | 15/03/24     |
| <b>Executive Head:</b>           | Matt Goodwin      | 15/03/24     |
| <b>Monitoring Officer:</b>       | Jo McIntosh       | 14/03/24     |
| <b>Section151 Officer:</b>       | Steven Pink       | 15/03/24     |

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# **Southern Internal Audit Partnership**

Assurance through excellence  
and innovation

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## **HAVANT BOROUGH COUNCIL INTERNAL AUDIT PLAN 2024-25**

**Prepared by: Antony Harvey, Deputy Head of Partnership**

**March 2024**

## Introduction

The role of internal audit is that of an:

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

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

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

The aim of internal audit’s work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risk to the achievement of the Council’s objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of Internal Audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant stakeholders to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Southern Internal Audit Partnership’s continued contact and liaison with those responsible for the governance of the Council.



## Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The strategic lead will be Antony Harvey, Deputy Head of Partnership, supported by Mark Norton, Audit Manager.

## Conformance with Internal Auditing Standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In September 2020 the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework (IPPF).

In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

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 Considering all sources of evidence the external assessment team concluded:

*'The mandatory elements of the 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.'*

## Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team which are required to be disclosed under internal auditing standards.

## Developing the Internal Audit Plan 2024-25

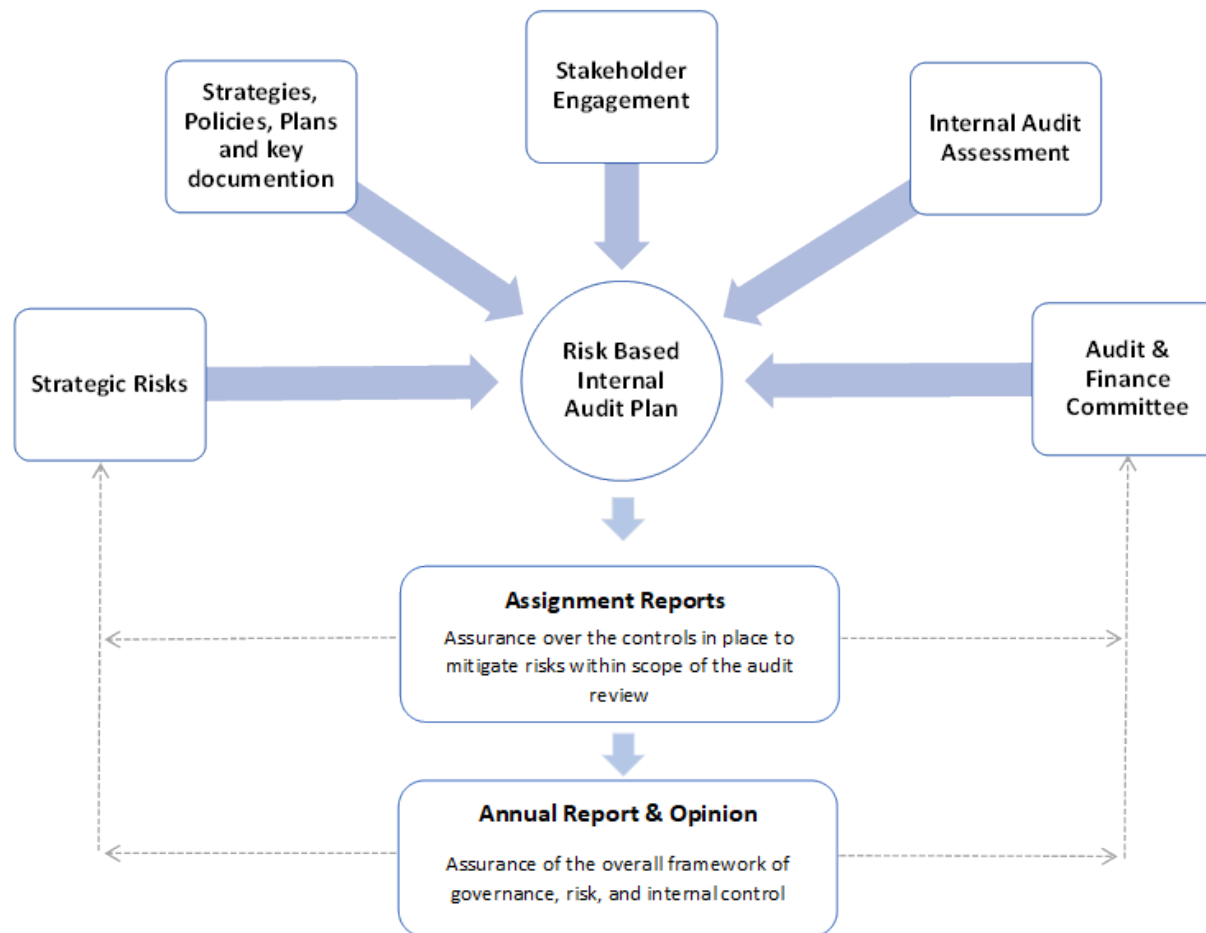
In accordance with the Public Sector Internal Audit Standards there is a requirement that internal audit establish a risk-based audit plan to determine the resourcing of the internal audit service, consistent with the organisation's goals.

Following agreement of the Illustrative Internal Audit Coverage 23-24 to 25-26 in July 23, and based on conversations with key stakeholders, a review of risk registers, key corporate documents and our understanding of the organisation, the Southern Internal Audit Partnership have developed an audit plan for 2024-25.

Audit planning is a perpetual process throughout the course of the year to ensure we react to new and emerging risks and the changing needs of the organisation.

The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers to ensure that duplication is minimised, and a suitable breadth of assurance is obtained.



## Internal Audit Plan 2024-25

| Audit Review                       | Audit Sponsor | Indicative Scope   | Proposed Timing |
|------------------------------------|---------------|--|-----------------|
| <b>Governance</b>                  |               |  |                 |
| Programme and Project Management   | EHoIS         | Review of the strategic programme for future delivery of services (inc. IT / Revenues & Benefits / Customer Services / Planning & Building Control).   | Q2- TBC         |
| Norse SE                           | EHoC          | Assurance over the arrangements with the Norse SE Environmental Services Joint Venture with a potential focus on key risks surrounding changes required to service delivery or a selection of operational, business as usual activities including income collection, debt recovery, complaints handling. | Q2              |
| Decision Making and Accountability | CLO&MO        | Assurance over transparency of decision-making, accountability and compliance with organisational priorities.  | Q2              |
| Procurement                        | CFO           | Assurance over compliance with contract procedure rules and legislative requirements with a potential focus on preparations for implementing the Procurement Act 2023.   | Q2              |
| Financial Stability                | CFO           | Coverage over a three-year cycle to include medium-term financial strategy; budget setting / forecasting process; and in year budget monitoring to ensure the Council achieves a balanced budget and financial stability.  | Q3              |
| Regeneration                       | EHoRED        | Review governance arrangements in place to ensure effective delivery of regeneration priorities in line with the Council's strategy.   | Q1 - Q2         |
| Fraud Framework – NFI              | CX            | Facilitation of the Council's obligations for participation in the National Fraud Initiative.  | Q1 - Q4         |
| Human Resources                    | EHoIS         | Assurance against key services / risk over a cyclical period, to include: <ul style="list-style-type: none"> <li>• Workforce Strategy</li> <li>• Performance Management</li> <li>• Absence Management (2024-25 focus)</li> <li>• Recruitment</li> <li>• Training &amp; Development</li> </ul>            | Q2 & Q3         |

| Audit Review   | Audit Sponsor | Indicative Scope   | Proposed Timing |
|--|---------------|--|-----------------|
| <ul style="list-style-type: none"> <li>• Use of Agency Staff (2024-25 focus)</li> <li>• Use of Volunteers</li> </ul> |               |  |                 |
| <b>IT</b>  |               |  |                 |
| IT Access – Starters, Leavers and Movers   | EHoC          | Assurance over the controls in place to ensure principles of least privilege access are applied and maintained over the lifecycle of a user, including access to cloud systems.                      | Q2              |
| IT Asset Management  | EHoC          | Assurance over the controls in place to ensure IT assets are accurately recorded and effectively managed, including the retrieval of IT hardware and harvesting of O365 licence assets from leavers. | Q3              |
| <b>Finance</b>   |               |  |                 |
| Business Rates (NNDR)  | EHoC          | Cyclical review as a key financial system.   | Q2              |
| Main Accounting  | CFO           | Cyclical review as a key financial system.   | Q3              |
| Accounts Payable   | CFO           | Cyclical review as a key financial system.   | Q3              |
| <b>Service Reviews</b>   |               |  |                 |
| Homelessness   | EHoHC         | Assurance over the arrangements to prevent homelessness and rough sleeping / reduce temporary accommodation usage with a potential 24-25 focus on progress against delivering the Housing Strategy.  | Q3 - Q4         |
| Development Management   | EHoP          | Assurance over the Development Management processes.   | Q2 - Q3         |
| Open Spaces – Play Areas   | EHoHC         | Review of the governance, procurement and contract management arrangements in place for the delivery of play areas across the Borough.   | Q1 - Q2         |
| Disabled Facilities Grants   | EHoP          | Assurance over the administration and awarding of grants in line with local / legislative requirements.  | Q1              |
| Environmental Health   | EHoP          | Assurance over the Council’s legal obligations for Environmental Health with a potential focus on Food Safety Inspections and/or pest & pollution control.   | Q2 - Q3         |

| Audit Review   | Audit Sponsor | Indicative Scope   | Proposed Timing |
|--|---------------|--|-----------------|
| Public Space Protection Officer Enforcement Service. | EHoRED        | Assurance over the processes and systems following a redesign of how enforcement activities are delivered. | Q4              |
| Management   |               | SIAP reports to HBC. Follow-up of agreed actions. Audit forward planning. Liaison.                         | Q1 - Q4         |

| Audit Sponsor   |        |
|---|--------|
| Chief Finance Officer                                   | CFO    |
| Executive Head for Commercial                           | EHoC   |
| Executive Head for Internal Services                    | EHoIS  |
| Chief Legal Officer and Monitoring Officer              | CLO&MO |
| Executive Head of Regeneration and Economic Development | EHoRED |
| Executive Head of Place                                 | EHoP   |
| Executive Head of Housing and Communities               | EHoHC  |

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|                             |   |                      |    |
|-----------------------------|---|----------------------|----|
| <b>Name of Committee:</b>   | Audit & Finance Committee                             |                      |    |
| <b>Committee Date:</b>      | 25 <sup>th</sup> March 2024                           |                      |    |
| <b>Report Title:</b>        | Internal Audit Charter 2024-25                        |                      |    |
| <b>Responsible Officer:</b> | Steven Pink   |                      |    |
| <b>Cabinet Lead:</b>        | Councillor Bowdell                                    |                      |    |
| <b>Status:</b>              | Non-Exempt  |                      |    |
| <b>Urgent Decision:</b>     | No  | <b>Key Decision:</b> | No |
| <b>Appendices:</b>          | Appendix 1 - Internal Audit Charter 2024-25           |                      |    |
| <b>Background Papers:</b>   | None  |                      |    |
| <b>Officer Contact:</b>     | Name: Steven Pink<br>Email: Steven.pink@havant.gov.uk |                      |    |
| <b>Report Number:</b>       | HBC/94/2024   |                      |    |

**Corporate Priorities:**

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.

**Executive Summary:**

Within the Public Sector Internal Audit Standards (the Standards) there is a requirement for an Internal Audit Charter - a formal document that defines the purpose, authority and responsibility of the internal audit activity.

The Internal Audit Charter must be reviewed periodically (as a minimum annually) by the Chief Internal Auditor and presented to 'Senior Management' and 'the Board'. The Board is defined as:

*'the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. At the Council this shall mean the Audit and Finance Committee'.*

The Internal Audit Charter ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit opinion.

**Recommendations:**

The Audit and Finance Committee is requested to:

- 1) Approve the Internal Audit Charter for 2024-25, attached as Appendix 1.

**1.0 Introduction**

- 1.1 The purpose of this paper is to provide the Audit and Finance Committee with the Internal Audit Charter for 2024-25. The Internal Audit Charter formally defines the internal audit activity's purpose, authority and responsibility in line with the Public Sector Internal Auditing Standards [the Standards].

**2.0 Background**

- 2.1 The Standards provide a consolidated approach to audit standards across the whole of the public sector providing continuity, sound corporate governance and transparency.
- 2.2 The Standards form part of the wider mandatory elements of the International Professional Practices Framework (IPPF) which also includes the mission; core principles; definition of internal audit; and Code of Ethics.
- 2.3 The Standards require all internal audit activities to implement and retain an 'Internal Audit Charter' which defines the internal audit activity's purpose, authority and responsibility.

**3.0 Options**

- 3.1 Not applicable.

**4.0 Relationship to the Corporate Strategy**

- 4.1 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.



## 5.0 Conclusion

- 5.1 The Internal Audit Charter is a requirement within the Standards and must be reviewed, agreed and approved at least annually.
- 5.2 The Internal Audit Charter ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit opinion.

## 6.0 Implications and Comments

### 6.1 S151 Comments

The Internal Audit Charter sets out the key purpose, scope, responsibilities and definitions of the Internal audit and of those responsible for and to it. As part of my statutory responsibility to ensure an effective system of internal financial control, it is vital that the Council has an internal audit function.

Havant Borough Council does not have the resources to efficiently operate a stand-alone internal audit function and there we purchase this facility from the Southern Internal Audit Partnership, hosted by Hampshire County Council.

### 6.2 Financial Implications

Internal Audit is provided through the Southern Internal Audit Partnership. The audit plan consists of 250 audit days and will remain fluid throughout the year to meet the changing needs and capacity of the Council.

### 6.3 Monitoring Officer Comments

The Internal Audit Charter defines internal audits activity, purpose, authority, and responsibility in line with the Public Sector Internal Auditing Standards. The Charter is considered annually by the Audit and Finance Committee. The Monitoring Officer supports the recommendation to approve the Charter.

## 6.4 Legal Implications

Regulation 5 (1) of the Accounts and Audit Regulations 2015 requires 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 audit standards and guidance'.

## 6.5 Equality and Diversity

Not applicable.

## 6.6 Human Resources

Not applicable.

## 6.7 Information Governance

Not applicable.

## 6.8 Climate and Environment

Not applicable.

## 7.0 Risks

7.1 Failure to deliver a coherent and appropriate audit plan would increase the risk of failing within the Council's service delivery.

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

## 8.0 Consultation

8.1 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.

## 9.0 Communications

9.1 Not applicable.

| <b>Agreed and signed off by:</b> |                   | <b>Date:</b> |
|----------------------------------|-------------------|--------------|
| <b>Cabinet Lead:</b>             | Cllr Neil Bowdell | 15/03.24     |
| <b>Executive Head:</b>           | Matt Goodwin      | 15/03/24     |
| <b>Monitoring Officer:</b>       | Jo McIntosh       | 14/03/24     |
| <b>Section151 Officer:</b>       | Steven Pink       | 15/03/24     |

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## Internal Audit Charter 2024-25

### Introduction

The Public Sector Internal Audit Standards (the Standards) provide a consolidated approach to audit standards across the whole of the public sector providing continuity, sound corporate governance and transparency.

The Standards form part of the wider mandatory elements of the International Professional Practices Framework (IPPF) which also includes the mission; core principles; definition of internal audit; and Code of Ethics.

The Standards require all internal audit activities to implement and retain an 'Internal Audit Charter'. The purpose of the Internal Audit Charter is to formally define the internal audit activity's purpose, authority and responsibility.

### Mission and Core Principles

The IPPF 'Mission' aims *'to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.'*

The 'Core Principles' underpin delivery of the IPPF mission:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

### Authority

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 adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.*

The standards for 'proper practices' in relation to internal audit are laid down in the Public Sector Internal Audit Standards (updated 2017).

## **Purpose**

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively. The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

This is achieved through internal audit providing a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

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 organisation's 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'.*

## **Responsibility**

The responsibility for maintaining an adequate and effective system of internal audit within Havant Borough Council lies with the authority's Chief Finance Officer (S151 Officer).

For the Council, internal audit is provided by the Southern Internal Audit Partnership.

The Chief Internal Auditor (Deputy Head of the Southern Internal Audit Partnership) is responsible for effectively managing the internal audit activity in accordance with the 'Mission', 'Core Principles', 'Definition of Internal Auditing', the 'Code of Ethics' and 'the Standards'.

## **Definitions**

For the purposes of this charter the following definitions shall apply:

*The Board* – the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. At the Council this shall mean the Audit and Finance Committee.

*Senior Management* – those responsible for the leadership and direction of the Council. At the Council this shall mean the Executive Leadership Team.

## **Position in the organisation**

The Chief Internal Auditor reports functionally to the Board, and organisationally to the Chief Finance Officer (S151 Officer) who has statutory responsibility as proper officer under Section 151 of the Local Government Act 1972, for ensuring an effective system of internal financial control and proper financial administration of the Council's affairs.

The Chief Internal Auditor has direct access to the Chief Executive who carries the responsibility for the proper management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements.

The Chief Internal Auditor has direct access to the Council's Monitoring Officer where matters arise relating to Chief Executive responsibility, legality and standards.

Where it is considered necessary to the proper discharge of the internal audit function, the Chief Internal Auditor has direct access to elected Members of the Council and in particular those who serve on committees charged with governance (i.e. the Audit and Finance Committee).

## **Internal audit resources**

The Chief Internal Auditor will be professionally qualified (Chartered Member of the Institute of Internal Auditors - CMIIA, Consultative Committee of Accountancy Bodies - CCAB or equivalent) and have wide internal audit and management experience, reflecting the responsibilities that arise from the need to liaise internally and externally with Members, senior management and other professionals.

The Chief Finance Officer (S151 Officer) will provide the Chief Internal Auditor with the resources necessary to fulfil the Council's requirements and expectations as to the robustness and scope of the internal audit opinion.

The Chief Internal Auditor will ensure that the internal audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the audit strategy and operational audit plan.

The annual operational plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Internal Auditor can propose an increase in audit resource or a reduction in the number of audits if there are insufficient resources.

*'Senior Management'* and *'the Board'* will be advised where, for whatever reason, internal audit is unable to provide assurance on any significant risks within the timescale envisaged by the risk assessment process.

The annual operational plan will be submitted to *'Senior Management'* and *'the Board'*, for approval. The Chief Internal Auditor will be responsible for delivery of the plan. The plan will be kept under review to ensure it remains responsive to the changing priorities and risks of the Council.

Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to *'Senior Management'* and *'the Board'*.

If the Chief Internal Auditor, *'the Board'* or *'Senior Management'* consider that the scope or coverage of internal audit is limited in any way, or the ability of internal audit to deliver a service consistent with the Standards is prejudiced, they will advise the Chief Finance Officer (S151 Officer) accordingly.

### **Independence and objectivity**

Internal auditors must be sufficiently independent of the activities they audit to enable them to provide impartial, unbiased and effective professional judgements and advice.

Internal auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgement on audit matters to others.

To achieve the degree of independence and objectivity necessary to effectively discharge its responsibilities, arrangements are in place to ensure the internal audit activity:

- retains no executive or operational responsibilities;
- operates in a framework that allows unrestricted access to *'Senior Management'* and *'the Board'*;
- reports functionally to *'the Board'*;
- reports in their own name;
- rotates responsibilities for audit assignments within the internal audit team;
- completes individual declarations confirming compliance with rules on independence, conflicts of interest and acceptance of inducements; and
- ensures the planning process recognise and address potential conflicts of interest through internal audit staff not undertaking an audit for at least two years in an area where they have had previous operational roles.

If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to *'Senior Management'* and *'the Board'*. The nature of the disclosure will depend upon the impairment.



## **Due professional care**

Internal auditors will perform work with due professional care, competence and diligence. Internal auditors cannot be expected to identify every control weakness or irregularity but their work should be designed to enable them to provide reasonable assurance regarding the controls examined within the scope of their review.

Internal auditors will have a continuing duty to develop and maintain their professional skills, knowledge and judgement based on appropriate training, ability, integrity, objectivity and respect.

Internal auditors will apprise themselves of the *'Mission'*, *'Core Principles'*, *'Definition of Internal Auditing'*, the *'Code of Ethics'* and *'the Standards'* and will work in accordance with them in the conduct of their duties.

Internal auditors will be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest. They will ensure that any suspicions of fraud, corruption or improper conduct are promptly reported to the Chief Internal Auditor in accordance with the Council's laid down procedures.

Internal auditors will treat the information they receive in carrying out their duties as confidential. There will be no unauthorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of internal audit work will not be used to effect personal gain.

## **Access to relevant personnel and records**

In carrying out their duties, internal audit (on production of identification) shall have unrestricted right of access to all records, assets, personnel and premises, belonging to the Council or its key delivery partner organisations.

Internal audit has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. Such access shall be granted on demand and not subject to prior notice.

## **Scope of Internal Audit activities**

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

The Council assume a Key Stakeholder role within the Southern Internal Audit Partnership (SIAP). The SIAP currently provides internal audit services to a wide portfolio of public sector clients (Annex 1) through a variety of partnership and sold service delivery models.

A range of internal audit services are provided (Annex 2) to form the annual opinion for each member / client of the Southern Internal Audit Partnership. The approach is determined by the Chief Internal Auditor and will depend on the level of assurance required, the significance of the objectives under review to the organisations' success, the risks inherent in the achievement of objectives and the level of confidence required that controls are well designed and operating as intended.

In accordance with the annual audit plan, auditors will plan and evaluate their work so as to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls.

Managers are required to report all suspicions of theft, fraud and irregularity to the Chief Internal Auditor. The Chief Internal Auditor manages and controls all investigations and will ensure that investigators are fully trained in carrying out their responsibilities.

Where there is evidence that Council staff are committing fraud, internal audit will liaise with Human Resources and the department concerned. The decision on whether to invoke criminal proceedings will be made by the Chief Internal Auditor in conjunction with the Monitoring Officer.

The monitoring of the Council's Anti-Fraud Strategy will be the responsibility of the Chief Internal Auditor, as part of the monitoring of the annual internal audit plan.

Internal audit also facilitate the Council's participation in the National Fraud Initiative (NFI) in which data from the Council's main systems are matched with data supplied from other Local Authorities and external agencies to detect potential fraudulent activity.

## **Reporting**

### ***Chief Internal Auditor's Annual Report and Opinion***

The Chief Internal Auditor shall deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit report and opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report will incorporate as a minimum:

- The opinion;
- A summary of the work that supports the opinion; and
- A statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

### ***Senior Management***

As those responsible for the leadership and direction of the Council it is imperative that the Executive Leadership Team are engaged in:

- approving the internal audit charter (minimum annually);
- approving the risk based internal audit plan;
- receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters;
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope and resource limitations; and
- receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance.

## ***The Board***

Organisational independence is effectively achieved when the Chief Internal Auditor reports functionally to the Board. Such reporting will include:

- approving the internal audit charter;
- approving the risk based internal audit plan;
- approving the internal audit resource plan;
- receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters, including the annual report and opinion;
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope or resource limitations;
- agreement of the scope and form of the external assessment as part of the quality management and improvement plan;
- receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance; and
- approval of significant consulting services not already included in the audit plan, prior to acceptance of the engagement.

## **Review of the internal audit charter**

This charter will be reviewed annually (minimum) by the Chief Internal Auditor and presented to '*Senior Management*' and '*the Board*' for approval.

## **Southern Internal Audit Partnership – Client Portfolio**

|   |  |
|---|--|
| <b>Strategic Partner:</b>                   | Hampshire County Council   |
| <b>Key Stakeholder Partners:</b>            | West Sussex County Council<br>Havant Borough Council<br>East Hampshire District Council<br>Winchester City Council<br>New Forest District Council<br>Mole Valley District Council<br>Epsom & Ewell Borough Council<br>Reigate & Banstead Borough Council<br>Tandridge District Council<br>Crawley Borough Council<br>Arun District Council<br>Guildford Borough Council<br>Hart District Council |
| <b>Blue light Key Stakeholder Partners:</b> | Hampshire & IoW Fire & Rescue Authority<br>West Sussex Fire Service<br>Office of the Hampshire & IoW Police & Crime Commissioner / Hampshire & IoW Constabulary<br>Office of the Sussex Police & Crime Commissioner / Sussex Police Force<br>Office of the Surrey Police & Crime Commissioner / Surrey Police Force  |
| <b>External clients:</b>                    | Waverley Borough Council<br>Hampshire Pension Fund<br>West Sussex Pension Fund<br>New Forest National Park Authority<br>Ringwood Town Council<br>Lymington & Pennington Town Council<br>Langstone Harbour Authority<br>Chichester Harbour Authority<br>Isle of Wight College   |

## **Assurance Services**

- **Risk based audit:** in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion will be undertaken using this approach.
- **Developing systems audit:** in which:
  - the plans and designs of systems under development are assessed to identify the potential weaknesses in internal control and risk management; and
  - programme / project management controls are assessed to ascertain whether the system is likely to be delivered efficiently, effectively and economically.
- **Compliance audit:** in which a limited review, covering only the operation of controls in place to fulfil statutory, good practice or policy compliance obligations are assessed.
- **Quality assurance review:** in which the approach and competency of other reviewers / assurance providers are assessed in order to form an opinion on the reliance that can be placed on the findings and conclusions arising from their work.
- **Fraud and irregularity investigations:** Internal audit may also provide specialist skills and knowledge to assist in or lead fraud or irregularity investigations, or to ascertain the effectiveness of fraud prevention controls and detection processes. Internal audit's role in this respect is outlined in the Council's Anti Fraud and Anti Corruption Strategy.
- **Advisory / Consultancy services:** in which advice can be provided, either through formal review and reporting or more informally through discussion or briefing, on the framework of internal control, risk management and governance. It should be noted that it would not be appropriate for an auditor to become involved in establishing or implementing controls or to assume any operational responsibilities and that any advisory work undertaken must not prejudice the scope, objectivity and quality of future audit work.

|                             |   |                      |    |
|-----------------------------|---|----------------------|----|
| <b>Name of Committee:</b>   | Audit & Finance Committee   |                      |    |
| <b>Committee Date:</b>      | 25 March 2024   |                      |    |
| <b>Report Title:</b>        | Annual Governance Statement 2023-24   |                      |    |
| <b>Responsible Officer:</b> | Matt Goodwin, Executive Head of Internal Services   |                      |    |
| <b>Cabinet Lead:</b>        | Cllr Neil Bowdell   |                      |    |
| <b>Status:</b>              | Non-Exempt  |                      |    |
| <b>Urgent Decision:</b>     | No  | <b>Key Decision:</b> | No |
| <b>Appendices:</b>          | Appendix A – Draft Annual Governance Statement 2023-24  |                      |    |
| <b>Background Papers:</b>   | <a href="#">CIPFA/SOLACE framework 'Delivering Good Governance in Local Government'</a>   |                      |    |
| <b>Officer Contact:</b>     | Name: Will Jackson, Chief Policy Officer<br>Email: <a href="mailto:william.jackson@havant.gov.uk">william.jackson@havant.gov.uk</a> |                      |    |
| <b>Report Number:</b>       | HBC/094   |                      |    |

**Corporate Priorities:**

The governance of the Council's arrangements has an overarching impact on all our corporate priorities and the Council's ability to deliver against them in a timely and controlled way.

**Executive Summary:**

The CIPFA/SOLACE framework 'Delivering Good Governance in Local Government' urges local authorities to review the effectiveness of their existing governance arrangements against their Local Code of Corporate Governance and prepare a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.

The draft Annual Governance Statement 2023-24 (AGS) at Appendix A details the governance framework, including the key elements of the Council's governance arrangements, a review of the framework outlining the annual review process and overall opinion, and further improvement areas.

In terms of overall corporate governance, it is the Chief Executive's opinion that the overall governance arrangements of the Council are sound. The Annual Governance Statement is informed by the self-assessment of compliance against the principles of good governance by the Chief Policy Officer, the Annual Governance Questionnaire (a survey made available to all staff), a review and consideration by Statutory Officers and the work of internal audit and external audit. The Annual Governance Statement 2023-24 will be published with the draft Annual Statement of Accounts.

Part of the Audit & Finance Committee's remit is 'to review and approve the Annual Governance Statement and consider whether it properly reflects the risk environment and supporting assurances.

**Recommendations:**

Members are requested to approve the draft Annual Governance Statement 2023-24



## 1.0 Introduction

- 1.1 This paper is submitted to Audit & Finance Committee to provide them with an opportunity to make any comments on the Annual Governance Statement.
- 1.2 This approved version will then go forward to the Leader and Chief Executive for final consideration and signature. Once finalised, the AGS shall be included in the draft Statement of Accounts 2023-24.

## 2.0 Background

- 2.1 Corporate governance comprises the systems and values by which the Council is directed and controlled and through which it is accountable. To demonstrate compliance with the principles of good corporate governance, the 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.
- 2.2 The Council is responsible for ensuring that its business is conducted in accordance with legal requirements and proper standards and that public money is safeguarded, properly accounted for, and used efficiently and effectively. As part of this responsibility the Council is also responsible for ensuring that there is a sound system of governance and maintaining proper arrangements for the governance of its affairs, which facilitate the effective exercise of its functions, including the management of risk.
- 2.3 The governance framework 'Delivering Governance in Local Government' was produced during 2016 by CIPFA/SOLACE. The framework defines the principles that underpin the governance of each local government organisation. It provides a framework to help individual authorities with their approach to governance. To achieve good governance, each local authority should be able to demonstrate

that its governance structures comply with the principles contained within the framework. The seven core principles are:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

2.4 The AGS provides narrative against the seven core principles, an update on areas for improvement and proposed improvement areas going forward. The AGS enables the Council to explain to residents and all stakeholders its governance arrangements and the controls that it has in place.

### **3.0 Options**

3.1 The remit of the Audit & Finance Committee is to review and approve the Annual Governance Statement and consider whether it properly reflects the risk environment and supporting assurances.

3.2 The CIPFA/SOLACE Framework, published in 2016, defines the seven core principles of good governance that should be reviewed. The Framework urges local authorities to review the effectiveness of their existing governance arrangements against their Local Code of

Corporate Governance, included within our Constitution, and prepare a governance statement and report compliance on an annual basis.

- 3.3 Failure to produce and report the document would carry the risk that the Council was failing in its duty to evidence that it was operating in accordance with the law and proper standards and that public money is safeguarded and properly accounted for.

#### **4.0 Relationship to the Corporate Strategy**

- 4.1 Our Corporate Strategy sets out how the Council strives to improve our services and modernise as well as delivering our aspirations around wellbeing, pride in place and growth.
- 4.2 In order to create a responsive Council and improve our services for both residents and businesses the Council must have sound governance processes in place, and this will allow for Council services that are fit for purpose and fit for the future, while remaining cost effective.

#### **5.0 Conclusion**

- 5.1 The AGS is a key governance document that must be reviewed and updated each year. The AGS provides assurance to the Council of governance arrangements in place and that they comply with our own Local Code of Corporate Governance when reviewed against the seven core principles of good governance.
- 5.2 In addition, the AGS provides an update on previous areas for improvement identified in the last AGS and reports on progress as well as identifying further areas for improvement for the upcoming financial year.

#### **6.0 Implications and Comments**

## 6.1 S151 Comments

The Annual Governance Statement is a vital document to capture and present the overall health of the Council's financial and governance structures, processes, and practises. It should give members assurance that the necessary plans, controls, and structure are in place (or being developed) to manage the business of the Council, identifying areas for improvement and the actions planned to achieve this.

Members should content themselves that the Annual Governance Statement presets the appropriate level of information to give the required assurance and that the actions identified provide the confidence that the proposed improvements can be achieved.

## 6.2 Financial Implications

- None

## 6.3 Monitoring Officer Comments

The Annual Governance Statement provides assurances over the Council's Governance arrangements, together with identifying areas of future focus and improvement. It is the role of the Audit and Finance to review and approve the Annual Governance Statement and consider whether it properly reflects the adequacy and effectiveness of the Council's governance framework, risk management and controls. Members can be assured that the Council has a sound and robust system of governance in place.

## 6.4 Legal Implications

- The publication of the AGS details the governance framework, including the key elements of the Council's governance arrangements and is authorised by virtue of The Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2021, which require Councils to conduct a review of their governance arrangements at least once a year.

## 6.5 Equality and Diversity

- None

6.6 Human Resources

- None

6.7 Information Governance

- The AGS includes a statement of the review of effectiveness of governance arrangements by the Senior Information Risk Owner (SIRO)

6.8 Climate and Environment

- The AGS as part of the seven principles of good governance has considered how outcomes are defined in terms of sustainable economic, social, and environmental benefits.

**7.0 Risks**

7.1 The document is a vital part of ensuring that Council business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively.

**8.0 Consultation**

8.1 The Annual Governance Statement has been shared with the Executive Leadership Team and updates on progress against actions have been received from relevant Executive Heads.

8.2 The final version will be signed by the Leader and Chief Executive.

**9.0 Communications**

9.1 Once incorporated into the Annual Statement of Accounts and approved by Audit & Finance Committee the final version will be published on the Council's website.

|                                  |                   |              |
|----------------------------------|-------------------|--------------|
| <b>Agreed and signed off by:</b> |                   | <b>Date:</b> |
| <b>Cabinet Lead:</b>             | Cllr Neil Bowdell | 11/03/24     |

|                            |              |          |
|----------------------------|--------------|----------|
| <b>Executive Head:</b>     | Matt Goodwin | 13/03/24 |
| <b>Monitoring Officer:</b> | Jo McIntosh  | 14/03/24 |
| <b>Section151 Officer:</b> | Steven Pink  | 15/03/24 |

# ANNUAL GOVERNANCE STATEMENT

## Introduction

The Leader of the Council (Councillor Alex Rennie) and Chief Executive (Steve Jordan) both recognise the importance of having good systems in place to manage and deliver services to the residents of Havant Borough. Each year the Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements have been working. This AGS is in respect of the 2023-24 financial year.

## The purpose of the governance framework

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

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

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

The risk management processes and other internal control systems such as standards of conduct and audit form part of this framework. Members and senior Officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. This task is managed by the Executive Leadership Team which comprises the Chief Executive, Executive Heads, Chief Finance Officer (Section 151 Officer) and the Chief Legal Officer (Monitoring Officer). The Executive Leadership Team is further supported and provided with assurance by:

- a) the Corporate Governance Board, which provides oversight of decision reports going forward to Cabinet, Council and committees through peer review, problem solving and check against strategic fit.
- b) the Information Governance Steering Group, chaired by the Senior Information Risk Officer, which provides oversight on data protection, information security and information risk.
- c) A regular meeting of Statutory Officers.

# ANNUAL GOVERNANCE STATEMENT

## How do we know it is working?

The annual process that we use to maintain and review effectiveness of our governance arrangements is outlined below:

### Procedures, rules and internal management processes

- Delivery of Corporate Strategy aims and aspirations
- Services are delivered economically, efficiently and effectively
- Management of risk
- Financial planning and performance
- Effective internal controls
- Community engagement and public accountability
- Project management and project delivery
- Procurement processes
- Roles and responsibilities of Members and Officers
- Standards of conduct and behaviour
- Training and development of Members and Officers
- Compliance with laws and regulations, internal policies and procedures

### Sources that provide assurance

- Constitution (including statutory officers, scheme of delegation, financial management and procurement rules)
- Council, Cabinet, Committees and Panels
- Corporate Governance Board
- Information Governance Steering Group
- Quarterly Performance & Governance reports
- Human Resources Committee
- Executive Leadership Team
- Project management methodology
- Performance Management Framework
- Medium Term Financial Strategy
- Complaints system
- Head of Paid Service, Monitoring Officer and S151 Officer
- HR policies and procedures
- Whistleblowing and other policies countering fraud
- Staff and Member training
- Codes of conduct
- Internal audit
- External audit

### Ongoing assessment of our effectiveness

- Annual Governance Questionnaire
- Regular performance and financial reporting
- Annual financial report
- External audit reports
- Internal audit reports
- Statutory Officers (MO & s151)
- Senior Information Risk Officer
- Council's democratic arrangements including scrutiny reviews and the audit committee
- Staff surveys

### 2023-24 areas identified for improvement in 2024-25

- Training and development
- Overview & Scrutiny Committee
- Shareholder sub-committee
- Information asset management
- Embedding effective decision making, report standards and recording
- Compliance with financial controls and contract standing orders
- Development of robust service plans



# ANNUAL GOVERNANCE STATEMENT

## How we apply the governance framework to the Local Code of Corporate Governance

The Council aims to achieve effective corporate governance through the Local Code of Corporate Governance. The table below highlights examples of how the Council has adhered to its governance commitments as set out in the Code and includes hyperlinks to sources of further information which include more detail about how the Council has implemented its commitments.

| <b>A. BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES AND RESPECTING THE RULE OF LAW</b>  |  |
|--|--|
| <b>How the Council meets these principles</b>  | <b>Where you can see Governance in action</b>  |
| <p>There are codes of conduct in place for all Councillors and Officers which can be found in Part 4 of the Constitution, these reflect the seven principles of public life. The Council has appointed independent persons to investigate any allegations of misconduct, and the Standards Committee receives regular reports from the Monitoring Officer on any complaints regarding Councillors.</p> <p>The Council's Constitution contains the standing orders, scheme of delegation, financial regulations and contracts procedure rules. The Constitution also contains the policies for anti-fraud and corruption, anti-bribery and whistleblowing. The Constitution has been reviewed and updated to reflect the Council operations and structure during 2023-24. The Constitution is a living document and shall continue to be reviewed and updated to reflect the Council's practices.</p> <p>All Council employees have clear conditions of employment, and roles and responsibilities are set out in role profiles and contract particulars. Pay operates under a clear pay policy statement, supported by NJC based pay scales and an agreed senior pay policy. A robust job evaluation scheme is in place.</p> <p>There is a requirement for Councillors to make a Declaration of Disclosable Pecuniary Interests within 28 days of taking office and to notify the Council of any changes to the interests made in this declaration within a specified time period. This declaration is kept on a register which is open to inspection by the public. Councillors must disclose Disclosable Pecuniary Interests or any other interests which are not registered but which are relevant to matters to be discussed at a meeting of the authority. Councillors are barred from participating in any discussion on, or voting on, the matter in relation to which the Member has a disclosable pecuniary interest. There is an up-to-date register of gifts and hospitality, and an annual register of declarations. Any declarations of interest made during meetings are recorded in the minutes.</p> <p>The Council has in place a complaints procedure including weekly reminders to relevant managers responsible, on the progress of cases. The ultimate arbiter of complaints for Local Government is the Local Government Ombudsman. This body reports performance annually.</p> <p>Statutory officer roles are the Head of Paid Service who is the Chief Executive, the Chief Financial (S151) Officer, who carries overall responsibility for the Council's financial administration, and the Chief Legal / Monitoring Officer, who ensures the Council acts lawfully. The Statutory Officers meet regularly to consider matters which may raise ethical, political, financial, legal, staffing or other issues that may impact on statutory duties.</p> <p>The Data Protection Officer is also a statutory role under the UK GDPR legislation.</p> <p>The Council has a Monitoring Officer who is a member of the Executive Leadership Team. The Monitoring Officer has oversight of propriety and lawfulness and ensures the Council acts in accordance with the Constitution. They are kept appraised on the Council's projects and actions and are</p> | <p><a href="#">Councillor Code of Conduct</a><br/><a href="#">Staff Code of Conduct</a></p> <p><a href="#">Standards Committee</a></p> <p><a href="#">Audit &amp; Finance Committee</a></p> <p><a href="#">Constitution</a></p> <p><a href="#">Anti Fraud &amp; Corruption Policy including Fraud Response Plan</a><br/><a href="#">Whistleblowing Policy</a></p> <p><a href="#">Staff pay and senior salaries   Havant Borough Council</a></p> <p><a href="#">Declarations of interest</a></p> <p><a href="#">Complaints procedure</a></p> <p><a href="#">Havant Borough Council - Local Government and Social Care Ombudsman</a></p> <p><a href="#">Management structure</a></p> |

# ANNUAL GOVERNANCE STATEMENT

ultimately responsible for legal compliance. The Monitoring Officer also chairs the Corporate Governance Board.

| <b>B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT</b>  |   |
|---|---|
| <b>How the Council meets these principles</b>   | <b>Where you can see Governance in action</b>   |
| <p>The Council has laid out its purpose, strategic aims and aspirations in its Corporate Strategy which can be obtained either on the Council's website or from the Council's offices. The Council Corporate Strategy is reviewed on a regular basis. During 2023-24 the Cabinet outlined and agreed their priorities to deliver the Corporate Strategy. These 16 priorities set out the key projects that would deliver the strategy with progress routinely reported to Cabinet and Overview &amp; Scrutiny Committee.</p> <p>The Council is committed to transparency and an open culture and publicises information in line with the publication scheme under the Freedom of Information Act. In addition, we subscribe to the government's transparency agenda and publish information such as remuneration for senior management and information on items of expenditure over £500.</p> <p>Formal decision making operates with a presumption of openness and transparency. The Council's democratic function is responsible for ensuring agendas and key decisions are published in line with the statutory legal requirements. They are also responsible for supporting the scrutiny function of the Council and publishing a corporate calendar of dates annually. Meetings are held face to face and are livestreamed for the public to view.</p> <p>The Council usually carries out a residents' survey every two years, but during the Covid-19 pandemic has increased the frequency to be able to monitor the concerns and feelings of residents as the situation changes. During 2023-24 Cabinet agreed as part of the budget setting to fund a new Residents Survey for completion in 2024-25. In addition, the Council has an online panel of residents who volunteer to take part in questionnaires and polls to express their views on council services and the local area.</p> <p>In addition, the Council has a Facebook page and Twitter feed which is actively promoted and used. To promote transparency and wider engagement with Council decisions, residents can use social media such as Facebook, Twitter, LinkedIn and Instagram to get updates from and interact with the Council.</p> <p>The Council's website is set out in a clear and easily accessible way, using infographics and plain language. The information which residents use most, such as Council Tax and Waste and Recycling, can be accessed quickly and easily from the homepage. The website was reviewed and relaunched in 2023-24 with a significant upgrade which resulted in an increase in website usage. The new website is much more user friendly and easier to navigate and locate items.</p> <p>In addition, significant stakeholder engagement took place during 2023-24, this included engagement with key stakeholders in Waterlooville during the development of the Waterlooville Masterplan as well as engagement on our draft Housing Strategy. Engagement took the form of roadshows, workshops and questionnaires. Further routine engagement also took place on our</p> | <p><a href="#">Corporate Strategy</a></p> <p><a href="#">Freedom of Information</a></p> <p><a href="http://havant.gov.uk/publication-scheme/transparency">havant.gov.uk/publication-scheme/transparency</a></p> <p><a href="#">Committees and Papers</a></p> <p><a href="#">Browse plans - Cabinet Forward Plan, 2024   Havant Borough Council (moderngov.co.uk)</a></p> <p><a href="#">Resident Views</a></p> <p><a href="#">HBC Facebook</a><br/><a href="#">Twitter</a><br/><a href="#">Instagram</a></p> <p><a href="http://www.havant.gov.uk/">http://www.havant.gov.uk/</a></p> <p><a href="#">Waterlooville Town Centre Masterplan</a></p> |

# ANNUAL GOVERNANCE STATEMENT

|  |  |
|--|--|
| <p>required statutory consultations as well as our rolling playpark improvement programme.</p> <p>The Statement of Accounts provides a clear summary of the Council's activity over the previous year, so that residents can see where money has been spent and what this has achieved.</p> <p>The Council has a joint venture partnership (Norse South East) for waste collection which is governed by the Norse South East Board. There are members from Norse Commercial Services and the Council on the Board. Norse South East is responsible for the procurement and efficient management of waste and recycling collections, street cleaning, public convenience cleansing, grounds maintenance and associated service facilities for the treatment and disposal of residual waste.</p> | <p><a href="#">Housing Strategy Consultation</a></p> <p><a href="http://www.havant.gov.uk/accounts">http://www.havant.gov.uk/accounts</a></p> <p><a href="http://norsesoutheast.co.uk/">http://norsesoutheast.co.uk/</a></p> |
|--|--|

| <b>C. DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS</b>  |   |
|--|---|
| <b>How the Council meets these principles</b>  | <b>Where you can see Governance in action</b>   |
| <p>A new Corporate Strategy has been developed and was approved in February 2023; the new Corporate Strategy contains the following themes:</p> <ul style="list-style-type: none"> <li>• Wellbeing – the health of our communities</li> <li>• Pride in Place – creating a great place to live, work and enjoy</li> <li>• Growth – building our future</li> </ul> <p>These evidence based themes are used to guide the Council's corporate planning and decision making. 16 priorities were agreed during 2023-24 and these were reported on. All the Corporate Strategy priorities have been mapped against the benefits they will seek to deliver, such as economic, social and/or environmental and these are tracked on our Corporate Performance Scorecard which is routinely updated and can be found on our website. The balancing of economic, social and environmental factors is extensively considered as part of the decision-making process and can be seen in the Council reports.</p> <p>The Council has also developed a Digital Strategy which supports the Corporate Strategy delivery and to create digitally 'savvy' staff and councillors and services designed to be accessible and convenient for our customers. The Council is committed to moving towards a Software-as-a-Service (SaaS) solution for business IT systems as they markedly reduce the maintenance required by Council staff and ensure that staff have access to the latest features and functionality. SaaS products also help reduce the service deliverability risk in business continuity planning for wider infrastructure disruption scenarios.</p> <p>The Council takes an annual approach to strategic planning, business planning and budget setting, underpinned by a close link between business and financial planning. The Medium Term Financial Strategy is reviewed annually and forms the basis of the annual budgeting process.</p> <p>The Corporate Strategy has been prepared to detail the key actions that are required to deliver the overall strategy. Within the Corporate Strategy the aspiration, aims, initiatives and benefits are listed under each theme. Each service's Key Performance Indicators are monitored corporately and reported to the Executive Leadership Team on a quarterly basis to ensure that the objectives in the Corporate Strategy are on target. Financial forecasts are submitted to the Executive Leadership Team and quarterly to Councillors alongside the quarterly performance report. We monitor and track</p> | <p><a href="#">Corporate Strategy</a></p> <p><a href="#">Corporate Performance Scorecard</a></p> <p><a href="#">Digital Strategy</a></p> <p><a href="#">Council Budget</a></p> <p><a href="#">Corporate Performance</a></p> |

# ANNUAL GOVERNANCE STATEMENT

|  |                                       |
|--|---------------------------------------|
| <p>performance through our Corporate Performance Scorecard which is published on our website</p> <p>The Council uses evidence based insight to inform decision making and uses the data available to understand residents and local businesses better. The Council is committed to consulting with and engaging with residents and local businesses in the planning and delivery of services to meet the needs of the community. For example through our online residents panel.</p> | <p><a href="#">Resident Views</a></p> |
|--|---------------------------------------|

| <b>D. DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES</b>   |   |
|--|---|
| <b>How the Council meets these principles</b>  | <b>Where you can see Governance in action</b>   |
| <p>The Council has a Medium-Term Financial Strategy (available on the Council's website as part of the budget for the forthcoming year) which is used to align resources to key priorities.</p> <p>The Council has report templates to ensure authors cover all the requirements to enable a decision to be made; they include options appraisal (if required), cost and risk analysis in addition to key signatories such as legal and finance and must include the Cabinet lead. This process has been significantly improved in recent years to increase the robustness of decision making.</p> <p>All decision-making meetings are held in public, and decisions made by Cabinet members and Officers are published in line with the statutory legal requirements, although some items are considered as exempt. Minutes of all Council meetings are made available to the public, and members of the public have the opportunity to contribute to Council meetings.</p> <p>The Council has a complaints and feedback system, which records and monitors customer comments, complaints and requests for information.</p> <p>The Council has an internal audit service sourced through the Southern Internal Audit Partnership. The internal audit service has an annual audit plan based on a risk analysis carried out by the auditors each spring. Audit recommendations are monitored to ensure that they are completed by the service within a reasonable timeframe, and any actions which are not completed are reported to the management team.</p> <p>The Overview &amp; Scrutiny Committee has responsibility for the performance of overview and scrutiny functions under the Local Government Act 2000 Section 9F. The role of Overview &amp; Scrutiny Committee is to hold Cabinet decision makers to account by monitoring and scrutinising the decisions being made, both before and after they take effect. Members of the Overview &amp; Scrutiny Committee must not be members of the Cabinet and, where possible, should be from different political parties.</p> <p>Our Corporate Strategy considers the outcomes of our priorities, and this is shown in both the strategy and our corporate performance reporting.</p> | <p><a href="#">Medium Term Financial Strategy</a></p> <p><a href="#">Council Decisions</a></p> <p><a href="#">Complaints procedure</a></p> <p><a href="#">Internal audit</a></p> <p><a href="#">Overview &amp; Scrutiny Committee</a></p> |

| <b>E. DEVELOPING THE COUNCIL'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT</b>  |   |
|--|---|
| <b>How the Council meets these principles</b>  | <b>Where you can see Governance in action</b> |
| <p>Following the separation with East Hampshire District Council during 2022-23 a new Executive Leadership team was recruited with the majority of posts recruited and</p> | <p><a href="#">Management structure</a></p>   |

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started on 1 April 2023. The new Executive Leadership Team reduced the reliance on interim leadership posts and include a new permanent CEO, s151 and MO.

A fundamental design principle for the organisation was the Decision-Making Accountability Model. This was used to inform a streamlined and empowered management structure, which has been maintained. Building on application of this model, an Operational Leadership Team cohort has been identified, with a view to training, developing and empowering that team, to a) take more of a lead future management of the organisation, b) have a greater say in decisions, and c) form a ground from which future Executive Head recruitment can take place. This succession planning will underpin the Councils desire to “grow our own”.

In addition, a new set of values and behaviours for the Council was established and these are referenced in the new Corporate Strategy. The values and behaviours were used as a basis for recruitment to the new Executive Leadership team and used for both recruitment and as part of objective setting for staff.

The Council has a performance management framework which includes a comprehensive induction programme for new starters. Performance appraisal processes for all employees include objective setting, regular 1:1 meeting and all staff must complete an end of year appraisal discussion. In 2023-24 mandatory e-learning courses were introduced for all staff (including health and safety, equality and diversity and GDPR), alongside the ongoing leadership development programme, business continuity and emergency planning training, and specialist professional training for frontline services. In 2023-24, a new appraisal system was launched with simpler form alongside monitoring to check that all staff had objectives set and the necessary mid-year and end of year reviews.

During the year a full review of all Democratic forms and procedures was completed and this results in a new Committee template paper, a suit of training through 'lunch and learn' for officers to attend and updated guidance on decision making, committee report writing and Scheme of Delegation.

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

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

[Councillor Competency Framework](#)

## F. MANAGING THE RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

### How the Council meets these principles

### Where you can see Governance in action

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

[Council structure](#)

There are also a number of committees appointed to discharge regulatory and scrutiny functions. Each committee has clear terms of reference setting out its roles and

# ANNUAL GOVERNANCE STATEMENT

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| <p>responsibilities. All leadership roles, the roles of key Officers and the Council's Scheme of Delegation are set out within the Council Constitution.</p> <p>The Cabinet operates within the policy framework set by Full Council and makes key decisions. All Cabinet meetings are held in public, with the exception of exempt items. All decision records are publicly available, and the Forward Plan and Key Decision notice is published on the Council website. Decisions made by Cabinet can be called in for review by the Overview &amp; Scrutiny Committee. Decisions can also be made by Officers under delegated powers and reported to Councillors in line with the Council Constitution. Authority to make decisions is given in the Scheme of Delegation and by specific delegation by Cabinet or Council.</p> <p>Risk is considered and recorded throughout the year as part of the quarterly review of performance and financial management (quarterly performance report). The Council has a wide range of performance indicators, which are used to measure progress against the Council's priorities. Performance indicators are reported quarterly to the Executive Leadership Team and to Cabinet. Performance indicators clearly link individual services to the corporate objectives and include details of national and local performance indicators and risk. Performance indicators are reviewed annually to ensure they continue to be relevant and stretching.</p> <p>Risk is considered as part of the decision-making process. All Council reports include a section on risk to ensure that it is considered at the outset.</p> <p>The Council's budget report contains a summary of the budget that was set for Havant Borough Council for 2023-24, as approved by the Council on the 22nd February 2023. It shows on what service areas money is spent, and how this expenditure is funded. Also within this document is information showing the forecast financial position over the next five years, taking into account changes in government funding, other income and spending. The most recent budget for year 2023-24 was approved by the Council on the 28th February 2024. At the most recent budget the s151 recommended that in relation to the Medium-Term Financial Strategy that the Council embarks on a five-year savings and efficiency programme starting in early 2024-25. The aim of the programme will be to close the current established base budget gap over the MTFS period so that the reserves are protected and available for their specific use only. The s151 also confirmed that they were content with the budget as presented and that the level of reserves held throughout the MTFS are adequate to meet the Council's financial obligations.</p> <p>Procurement frameworks are in place for the purchase of goods and services and to ensure all contracts are appropriately procured and managed. Details on procurement are published on our website as well as data about the contracts that the council has with external suppliers.</p> <p>A Corporate Governance Board has been established with an objective of providing a pragmatic layer of assurance to the business. Specifically, the Corporate Governance Board ensures that the organisation develops and implements an effective approach to corporate governance which enables the business and affairs of the Council to be carried out, directed and managed with the objective of enhancing value to the public. This is underpinned by the Local Code of Corporate Governance. In addition, the Corporate Governance Board is responsible for ensuring that an adequate risk management framework and associated control environment exists within the Council, and for monitoring the arrangements in place for the identification, monitoring and management of risks. The Board's Terms of Reference were reviewed in 2023-24 with a particular focus on reviewing Council papers going forward for decision to ensure they were robust and provided the necessary information for Councillors to make an informed decision.</p> <p>The Council has in place a number of policies and procedures to ensure decisions made are robust. These include the Finance and Contracts Procedure rules in the</p> | <p><a href="#">Committee structure</a></p> <p><a href="#">Forward Plan</a></p> <p><a href="#">Corporate Risk Policy</a></p> <p><a href="#">Procurement   Havant Borough Council</a></p> <p><a href="#">Governance   Havant Borough Council</a></p> <p><a href="#">Local Code of Corporate Governance</a></p> <p><a href="#">Policy Hub</a></p> |
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# ANNUAL GOVERNANCE STATEMENT

Constitution. Compliance with these policies is the responsibility of all Officers. In addition, a Policy Register was prepared during the year in order to provide oversight of all policies at the Council.

| <b>G. IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY</b>  |   |
|--|---|
| <b>How the Council meets these principles</b>  | <b>Where you can see Governance in action</b>   |
| <p>The Council complies with data protection legislation, which includes UK GDPR (UK General Data Protection Regulation) and the Data Protection Act 2018 (DPA 2018). This ensures that such processing is carried out fairly, lawfully, and transparently. The Council reviews and supplements its policies, and also keeps its processing activities under review, to ensure they remain consistent with the law, and any compliance advice and codes of practice issued from time to time by the Information Commissioner.</p> <p>The Council ensures that officers handling personal data are trained to an appropriate level in the use and control of personal data. It is made clear that all staff and Members are personally accountable for using the Council's information responsibly and appropriately. All staff must undertake protecting information e-learning training, and this forms part of the induction process for new staff. Data protection also forms part of the induction programme for new Members and new staff.</p> <p>The council believes in the importance of publishing as much data as possible and as part of our transparency we routinely publish and keep updated information on apprenticeships, business rates, contract spend, property assets, parking income and expenditure, monthly payments over £500.</p> <p>Information Governance is overseen by the Information Governance Steering Group chaired by the Executive Head of Internal Services who is the Senior Information Risk Officer for the Council (SIRO).</p> <p>The Council publishes the Statement of Accounts annually within the statutory timescales. Accounting statements incorporate the full requirements of best practice guidance.</p> <p>The Council has an Audit and Finance Committee to provide assurance to the Council on the effectiveness of internal audit and the robustness of the Council's Annual Accounts. Risk management is controlled through the Corporate Governance Board and reported to the Executive Leadership Team through the quarterly governance report. Risks rated as above the risk threshold are reported as part of the quarterly performance report to Councillors at the Audit &amp; Finance Committee.</p> <p>Full Council is responsible for agreeing new policies and amendments to existing policies. It also sets out the policy and budget framework and approves the annual budget. The Audit and Finance Committee approves the Statement of Accounts.</p> <p>The Council is subject to independent external audit currently by Ernst &amp; Young. The external audit plan outlines the work undertaken and the timing of external audit reports.</p> <p>The Council supplements this work with an internal audit service sourced through the Southern Internal Audit Partnership. The internal audit service has an annual audit plan based on a risk analysis carried out by the auditors each spring. This minimises the risk of fraud and error and provides management with assurance that policies and procedures are robust. The Chief Internal Auditor is required to provide a written status report to the management team, summarising the assurance opinions arising from the internal audit reviews carried out during the year. In addition, any management actions, including progress against those actions, that are identified as part of an Internal Audit</p> | <p><a href="#">Data Protection</a></p> <p><a href="#">Transparency   Havant Borough Council</a></p> <p><a href="#">Statement of Accounts</a></p> <p><a href="#">Audit and Finance Committee</a></p> <p><a href="#">Full Council</a></p> |

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| <p>are routinely reported to Executive Leadership Team and Audit &amp; Finance Committee by the Internal Auditors as part of quarterly reporting.</p> <p>The Council has appointed the Chief Finance Officer as the Section 151 Officer with the statutory responsibility for the proper administration of the Council's financial affairs.</p> <p>The Council ensures reports are written in a fair, balanced and understandable way. They are written using plain language and a standard format. The Council publishes agendas, minutes and seeks to webcast its meetings.</p> | <p><a href="#">Internal audit</a></p> |
|---|---------------------------------------|

## Review of effectiveness

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

| Area                               | Review of effectiveness   |
|------------------------------------|---|
| Political leadership               | <ul style="list-style-type: none"> <li>• During the year Cabinet approved 16 corporate priorities to deliver the Corporate Strategy and these were routinely reviewed and reported on throughout the year.</li> <li>• During the year the Overview &amp; Scrutiny Committee set a work programme which included a number of items including, the future of Meridian Centre, Council's roundabout sponsorship scheme, planning enforcement service, the Housing Strategy, the budget 2024-25 and progression of the corporate priorities.</li> <li>• During budget setting, there was consistent and rigorous consultation between Finance, management, Cabinet Leads and Cabinets. Cabinet provided a strong lead on prioritisation and action needed, to deliver a balanced budget.</li> <li>• Throughout the year, strong relationships between Cabinet and the Executive Leadership Team were maintained, to ensure political leadership and oversight could be firmly supported.</li> </ul>   |
| Officer leadership                 | <ul style="list-style-type: none"> <li>• A new organisational structure was put in place to reflect the move away from shared management and a new permanent Executive Leadership team was in place for the start of 2023-24</li> <li>• Updates are provided to Audit and Finance Committee through the quarterly performance and governance reports which have undergone further improvements during 2023-24 both in format (through the use of PowerBi) and content, with an extended range of quantitative performance indicators now being included.</li> <li>• There are regular reporting arrangements in place regarding the financial affairs of the Council with financial performance being reported on a quarterly basis to Members.</li> <li>• The Corporate Governance Board Terms of Reference were reviewed to reflect the new Executive Leadership Team in place during 2023-24 and to act as a final point of review for any decision-making papers going forward.</li> <li>• Development and empowerment of management tiers reporting into the Executive Heads was enhanced via convention of an "Operational Leadership Team".</li> </ul>   |
| Internal assessment and monitoring | <ul style="list-style-type: none"> <li>• Effective operation of the Performance Management Framework throughout the year: monitoring information on key areas of performance has been provided for review and action. The majority of service performance indicators were met during the year.</li> <li>• The Council has incorporated the Oflog draft measures into its performance reporting in order to track against the measures Oflog feels are important. In addition, an exercise was completed to assess the Council against the Best Value Framework that was developed by Oflog. Areas of weakness identified in that review will be taken forward during 2024-25</li> <li>• The Annual Governance Questionnaire is a survey run every January which asks officers for their self-assessment of the effectiveness of governance arrangements in their service area. Participation has improved in recent years following the extension of the questionnaire to all staff to reflect that good governance is everyone's responsibility</li> <li>• The results of the questionnaire highlighted the following:             <ul style="list-style-type: none"> <li>○ Trends were broadly positive with notable improvements in confidence in particular areas.</li> <li>○ Areas of strength:                 <ul style="list-style-type: none"> <li>▪ Compliance with our Complaints procedure</li> </ul> </li> </ul> </li> </ul> |



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|                                      | <ul style="list-style-type: none"> <li>▪ Compliance with FOI procedure</li> <li>○ Areas for improvement:             <ul style="list-style-type: none"> <li>▪ Awareness of structure of the council in particular the O&amp;S Committee</li> <li>▪ Code of Conduct and Member/Officer protocols awareness</li> </ul> </li> </ul> <p>Statements about the culture of transparency and openness and fairness and equality at the Council remained high with over 80% either strongly agreeing or agreeing. Areas that scored poorly in the questionnaire will be targeted with a programme of improvements throughout 2023-24 and the questionnaire will be repeated to see if any trends can be identified.</p>   |
| Chief Finance Officer (s151)         | <p>The Chief Finance Officer (S151) is the Responsible Financial Officer and is a member of the Executive Leadership Team. They are responsible for delivering and overseeing the financial management arrangements of the Council.</p> <p>The main channels used by the s151, to ensure and assure effectiveness over 2023-24 were:</p> <ul style="list-style-type: none"> <li>• Putting in place new reporting requirements for financial monitoring with more regular reports coming through to Executive Leadership Team on the financial performance of the council</li> <li>• Recruitment to the finance team to ensure a full complement of staff was in place</li> <li>• Procurement of a new finance system for implementation during 2024-25</li> <li>• Review of the Capital programme to ensure a more robust programme is in place and a new Investment Strategy in place.</li> <li>• Setting of the 2024-25 budget and updated Medium-Term Financial Strategy.</li> </ul>  |
| Chief Legal Officer (MO)             | <p>The Chief Legal Officer (Monitoring Officer) is a member of the Executive Leadership Team whose role in the organisation is to report on matters they believe to be illegal or amount to maladministration, to be responsible for matters relating to the conduct of councillors and officers and to be responsible for the operation of the council's constitution.</p> <p>The main channels used by the MO, to ensure and assure effectiveness over 2023-24 were:</p> <ul style="list-style-type: none"> <li>• Updating of the Constitution and Scheme of Delegation</li> <li>• New training and guidance provided on decision making and report writing</li> <li>• Development of a new Legal Partnership with Southampton City Council to provide legal services to the Council</li> <li>• Resetting of the Corporate Governance Board to ensure decision papers going forward were robust and considerate of all relevant issues</li> </ul>  |
| Senior Information Risk Owner (SIRO) | <p>The Senior Information Risk Officer for the Authority is the Executive Head of Internal Services. This role is supported by deputies, nominated from time to time. The role of the SIRO includes the following:</p> <ul style="list-style-type: none"> <li>• Lead and foster a culture that values and protects information, and ensures its use for public good.</li> <li>• Ensure there is a plan to achieve and monitor the right culture across the organisation. Takes step to ensure that plan is delivered.</li> <li>• Ensures that the organisation has key staff in place, who are skilled and supported.</li> <li>• Oversees effective responses to security incidents.</li> <li>• Own the information risk policy and risk assessment process, ensuring regular update and review of the risk register.</li> </ul> <p>The main channels used by the SIRO, to ensure and assure effectiveness over 2023-24, were:</p> <ul style="list-style-type: none"> <li>• Completion of formal training in the role</li> <li>• Close working with key roles such as the Chief Policy Officer, Data Protection Officer and Information Governance Team, and the Digital Services Manager (on cyber security).</li> <li>• Monitoring of risks and information governance performance, via formal Authority mechanisms for these areas.</li> <li>• Establishment and promotion of a new Information Governance Steering Group, who members include the Monitoring Officer, the Data Protection Officer, the Chief Policy Officer and IT. This met regularly during 2023-24 with a total of six meetings.</li> <li>• Participation as a standing member and attendee of the Executive Leadership Team and Cabinet Briefing, ensure that information risk items can be, and are, tabled at the highest</li> </ul> |

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|                       | <p>governance levels in the Authority. This ensures that the SIRO is a 'Board' level officer, as needed.</p>   |
| <p>Internal audit</p> | <ul style="list-style-type: none"> <li>• The Council's internal audit programme is provided by the Southern Internal Audit Partnership which is hosted by Hampshire County Council. An audit plan, based on a full risk evaluation, is approved annually.</li> <li>• Progress against the audit plan is reported quarterly to the Audit and Finance Committee. Any outstanding high risk actions are addressed as a matter of priority.</li> <li>• Any outstanding management actions are reported to the Executive Leadership Team to ensure that these are escalated where necessary and completed within a reasonable timescale.</li> <li>• The Southern Internal Audit Partnership delivered [tbc] internal audit opinions over the course of the year ending 31 March 2024 with [tbc] 'substantial' assurance reports, [tbc] 'reasonable' assurance reports, [tbc] 'limited' assurance report and no 'no assurance' reports. Additional reviews were conducted which did not lead to an audit opinion as they were advisory reviews and/or follow-up reviews.</li> <li>• The Chief Internal Auditor's annual opinion of Havant Borough Council's framework of governance, risk management and management control is [tbc] and audit testing has demonstrated controls to be working in practice.</li> </ul> |
| <p>External audit</p> | <ul style="list-style-type: none"> <li>• The Council's external audit requirement is provided by Ernst &amp; Young LLP.</li> <li>• The role of external audit is to ensure that the Council's Accounts are free from material error, to provide a value for money conclusion and to certify key grant claims.</li> <li>• The Council's external auditor provided the Council with an unqualified opinion on the last set of accounts approved within their Audit Results Report.</li> <li>• Ernst &amp; Young LLP also provided an unqualified opinion of the Council's arrangements to secure Value for Money.</li> </ul>   |

# ANNUAL GOVERNANCE STATEMENT

## Last year's key improvement areas

In the 2022-23 Annual Governance Statement, three key issues were identified for improvement. Below are the issues and actions taken during 2023-24.

| Improvement area  | Issue of concern   | Objective and actions taken  |
|---|--|--|
| Review and update of Constitution   | The Constitution is required to be updated and reviewed as a result of the ending of the JMTA with East Hampshire District Council and the need to provide greater clarity to officers around the Scheme of Delegation in place for decision making.   | <p>Review of Constitution</p> <p>Updated Scheme of Delegation</p> <p>Training for officers and members on the new Constitution</p> <p>Clear guidance provided on decision making process and recording decisions.</p>  |
| Review of policies and strategies to ensure they are consistent with corporate priorities | There are a number of policies and strategies which have not been updated for a number of years and need to be reviewed. A robust Policy Register needs to be fully embedded across the organisation to capture those policies/strategies which require review.  | <p>Policy Register in place and being maintained</p> <p>Review of critical policies and strategies that need updating</p> <p>Update of internal HR policies was completed during the year with policies approved by HR Committee</p>                           |
| Establishment and embedding of a Contracts Register                                       | The Council has identified the need to put in place a more robust system for monitoring and review contracts when they are due for renewal.  | <p>Contracts Register in place and being maintained</p> <p>Appropriate reporting of Contracts coming up for renewal</p>  |
| Training plans in place for staff and refreshed appraisal system                          | Highlighted within the AGS questionnaire as an area for improvement was to ensuring appropriate training plans are in place for officers. In addition, there is a requirement to ensure that officers have a clear link with our corporate priorities and their objectives through a refreshed appraisal system is required.           | <p>Training plans discussed with all staff and training needs highlighted</p> <p>Refreshed appraisal system rolled out to all staff</p> <p>Monitoring of completion of objective setting, mid-year reviews and end of year reviews.</p>                        |
| Review and rationalisation of information management arrangements                         | <p>This has two drivers:</p> <ul style="list-style-type: none"> <li>To address issues identified following the transition exercise, in regard to the volume, location and form of information held.</li> <li>To prepare the ground for re-procurement of the IT solution, and a firm move to further cloud based solutions.</li> </ul> | <p>Review and reinforcement of retention schedules.</p> <p>A physical document review and clear out conducted as part of the Plaza A2B project</p> <p>Generation of an appropriate, cloud based, information management and document management structure.</p> |

Progress of the above actions was monitored during the year with quarterly reporting to Executive Leadership Team

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## Identified key improvement areas

The Council is generally satisfied with the effectiveness of corporate governance arrangements and internal control. As part of its continuing efforts to improve governance arrangements the following issues, as highlighted in this Statement, have been identified for improvement in 2024-25.

| Issue of concern  | Key improvement   | Lead officer   | Action required  |
|---|---|--|--|
| Training and development  | <p>A robust understanding of the corporate strategy, and associated reporting.</p> <p>A clear understanding and operation of the Member and Officer role and relationship.</p>  | <p>Chief Policy Officer</p> <p>Chief Legal Officer</p>   | <ul style="list-style-type: none"> <li>• Induction session</li> <li>• All Member Briefings</li> <li>• Reporting on Councillor Hub</li> <li>• Induction sessions</li> <li>• 121 support as needed</li> <li>• Member and Officer training</li> </ul> |
| Overview and Scrutiny Committee                                     | Facilitate and support the Overview and Scrutiny Committee to ensure it holds the Council to account and in doing so, ensures that the Council remains transparent, accountable and open – resulting in improved public policies, services and outcomes | Chief Legal Officer/Executive Head, Internal Services  | <ul style="list-style-type: none"> <li>• Work with the Chair to develop a work programme, based on strategic and performance insights</li> <li>• SEE training</li> <li>• Review of Overview and Scrutiny Standing Orders</li> </ul>                |
| Shareholder Sub-Committee   | Embedding more effective shareholder oversight of Companies and Joint Ventures.   | Chief Legal Officer/ Executive Head of Commercial  | <ul style="list-style-type: none"> <li>• Review Shareholder Committee membership and Terms of Reference</li> <li>• Develop a work programme/ business planning cycle</li> <li>• Training, as needed.</li> </ul>                                    |
| Information Asset Management  | Executive and Operational Leadership Team understanding of responsibilities, and operation of due policies and processes  | Data Protection Officer  | <ul style="list-style-type: none"> <li>• Executive Head to review and assure Information Asset Arrangements, and to offer assurance to the SIRO formally.</li> <li>• Operational Leadership training and support.</li> </ul>                       |
| Embedding effective decision making, report standards and recording | <p>Embedding Cabinet Lead and Executive Head ownership of Key Decisions and associated report submissions.</p> <p>More robust consideration and discussion of implications, risks and</p>   | <p>Executive Heads / Chief Legal Officer</p> <p>Chief Legal Officer / Chief Policy Officer</p> | <ul style="list-style-type: none"> <li>• Induction, briefings and 121 support for Cabinet Leads.</li> <li>• Review by Corporate Governance Board</li> <li>• Feedback to Executive Heads on development areas.</li> </ul>                           |

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|  | <p>consultation elements for Key Decisions.</p> <p>Recording of delegated decisions.</p>  | <p>Chief Legal Officer</p>                                | <ul style="list-style-type: none"> <li>• Regular review at Executive Leadership Meetings.</li> <li>• Development of “Implications” processes, supported by briefings to Executive and Operational Leadership Teams.</li> <li>• Training and briefing sessions.</li> <li>• Compliance checks</li> </ul>  |
| <p>Compliance with financial controls and contract standing orders</p> | <p>Full reporting and transparency on contracts.</p> <p>Improved adherence to agreed cash limited budgets. Identifying financial risks in time to implement corrective action and Ensuring reporting and controls support this.</p> | <p>Chief Finance Officer</p> <p>Chief Finance Officer</p> | <ul style="list-style-type: none"> <li>• Contract amnesty to be completed.</li> <li>• Regular updates, review and publication of Contracts register</li> <li>• Improvement in budget monitoring information through increased reporting</li> <li>• Targeted budget management training for service managers</li> </ul>                          |
| <p>Service planning</p>  | <p>Implement and embed service planning, to support achievement of the corporate strategy, and the link between this, and team and personal objectives.</p>   | <p>Chief Policy Officer</p>                               | <ul style="list-style-type: none"> <li>• Review service planning information from services</li> <li>• Implement new templates for completion making clear link between Corporate Strategy and service reviews</li> <li>• Review personal objectives forms with HR to ensure link between Corporate Strategy and objectives are made.</li> </ul> |

# ANNUAL GOVERNANCE STATEMENT

## Opinion

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

Signed

CEO

Leader