

Notice of Audit and Governance Committee

Date: Thursday, 14 November 2019 at 10.30 am

Venue: HMS Phoebe, Town Hall, Bournemouth BH2 6DY



Membership:

Chairman:

Cllr J Beesley

Vice Chairman:

Cllr L Williams

Cllr M Andrews

Cllr S Bartlett

Cllr D Butt

Cllr M Cox

Cllr B Dunlop

Cllr S McCormack

Cllr M White

All Members of the Audit and Governance Committee are summoned to attend this meeting to consider the items of business set out on the agenda below.

The press and public are welcome to attend.

If you would like any further information on the items to be considered at the meeting please contact: Bob Hanton - 01202 633031 or email bob.hanton@bcpcouncil.gov.uk

Press enquiries should be directed to the Press Office: Tel: 01202 454668 or email press.office@bcpcouncil.gov.uk

This notice and all the papers mentioned within it are available at democracy.bcpCouncil.gov.uk

GRAHAM FARRANT
CHIEF EXECUTIVE

6 November 2019



Available online and
on the Mod.gov app



AGENDA

Items to be considered while the meeting is open to the public

1. **Apologies**

To receive any apologies for absence from Councillors.

2. **Substitute Members**

To receive information on any changes in the membership of the Committee.

Note – When a member of a Committee is unable to attend a meeting of a Committee or Sub-Committee, the relevant Political Group Leader (or their nominated representative) may, by notice to the Monitoring Officer (or their nominated representative) prior to the meeting, appoint a substitute member from within the same Political Group. The contact details on the front of this agenda should be used for notifications.

3. **Declarations of Interests**

Councillors are required to comply with the requirements of the Localism Act 2011 and the Council's Code of Conduct regarding Disclosable Pecuniary Interests.

Councillors are also required to disclose any other interests where a Councillor is a member of an external body or organisation where that membership involves a position of control or significant influence, including bodies to which the Council has made the appointment in line with the Council's Code of Conduct.

Declarations received will be reported at the meeting.

4. **Confirmation of Minutes**

To confirm and sign as a correct record the minutes of the Meeting held on 10th October 2019.

5. **Public Issues**

To receive any public questions, statements or petitions submitted in accordance with the Constitution. Further information on the requirements for submitting these is available to view at the following link:-

<https://democracy.bcpccouncil.gov.uk/documents/s2305/Public%20Items%20-%20Meeting%20Procedure%20Rules.pdf>

The deadline for the submission of public questions is Thursday 7th November 2019.

The deadline for the submission of a statement is 12.00 noon on Wednesday 13th November 2019.

The deadline for the submission of a petition is 12.00 noon on Wednesday 13th November 2019.

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6. Statement of Purpose and Review of CIPFA Guidelines for Audit and Governance Committees and Statutory Financial Reporting Duties for Local Authorities

To receive a presentation from Officers.

No other items of business can be considered unless the Chairman decides the matter is urgent for reasons that must be specified and recorded in the Minutes.

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BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 10 October 2019 at 6.00 pm

Present:-

Cllr J Beesley – Chairman

Cllr L Williams – Vice-Chairman

Present: Cllr M Andrews, Cllr S Bartlett, Cllr D Butt, Cllr M Cox, Cllr B Dunlop,
Cllr S McCormack and Cllr A Stribley (In place of Cllr M White)

Also in attendance: Cllr D Kelsey

Mr P Dossett (Grant Thornton (External Auditors)) and S Harding
(Grant Thornton (External Auditors))

19. Apologies

Apologies for absence were received from Cllr M White.

20. Substitute Members

Cllr A Stribley attended as a substitute for Cllr M White.

21. Declarations of Interests

Cllr M Cox declared his employment as a Chartered Accountant and Auditor.

Cllr L Williams declared his membership of the Lower Central Gardens and Five Parks Trust.

There were no declarations of disclosable pecuniary interest.

22. Confirmation of Minutes

The Minutes of the meeting held on 25 July 2019 were confirmed as a correct record and signed by the Chairman.

23. Public Issues

The following statement from a member of the public, Mr P Gatrell, was, in the absence of Mr Gatrell, who had given his apologies for absence, distributed to Councillors.

‘BCP Council breached Regulation 15(2)(a)(ii) of the Accounts and Audit Regulations 2015 when not publishing online - over the statutory inspection period 3 June to 12 July 2019 - an Annual Governance Statement (AGS) 2018/19 regarding Bournemouth Borough Council.

I refer also to the AGC's Responsibility for Functions 5.1(a) and 5.1(r) in Part 3 of BCP's Constitution concerning, respectively, the AGS and Council non-compliance.

Notwithstanding a response regarding this matter that may be forthcoming from the Monitoring Officer following my email of 6 September, what are the AGC's opinion and intentions concerning this breach of the public's and local electors' rights?'

The Committee noted that, in accordance with the provisions of the Constitution, a written reply would be provided to Mr Gatrell and copies circulated to members of the Committee.

24. Independent Investigation and Response to a Deputation regarding Kinson Community Centre

Further to the decision at the previous meeting of the Committee, consideration was given to the action taken by Bournemouth Borough Council to address a series of complaints received over a period since October 2014. The Committee was reminded of the substance of the allegations and the process of investigation was set out. Members were informed, however, that, despite repeated attempts to obtain a response from the Community Association to the initial report and to the proposal made at the last meeting, a response had still not been received.

The Committee welcomed the recommendations around mediation aimed at helping to rebuild and re-establish effective working relationships. The Council remained committed to fostering the positive relationships with the Association that were clearly necessary to enable the Association to continue to operate for the benefit of the local community.

After discussion it was proposed by Councillor M Cox, seconded by Councillor M Andrews, that the item be deferred to the next meeting of the Committee to enable one more attempt to be made to obtain a formal response from the Community Association but, on being put to the vote, the Motion was lost. Voting For – 4; Against – 5

Exclusion of Press and Public

It was proposed by Councillor A Stribley, seconded by Councillor L Williams and

RESOLVED that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1 and 2 in Part I of Schedule 12A of the Act and that the public interest in withholding the information outweighs such interest in disclosing the information.

Independent Investigation and Response to a Deputation regarding Kinson Community Association – Exempt Business

The Committee considered the confidential independent investigations commissioned by the Bournemouth Borough Council and undertaken in

October and in December 2018. Councillors raised a number of detailed issues about the investigation and the issues raised within it.

The Committee returned to open business and it was proposed by Councillor M Cox, seconded by Councillor M Andrews and

RESOLVED that the Audit and Governance Committee

- (a) note the content of the independent investigator reports relating to complaints raised by the Kinson Community Association;**
- (b) note, with deep regret, that no formal response has been provided by the Kinson Community Association in response to the independent investigator's findings or the deputation response reported to the Committee on 25 July 2019;**
- (c) request that, in the future, any terms of reference that might be drafted for investigations are, wherever possible, drafted in association with and agreed between the parties;**
- (d) urge the Kinson Community Association to respond urgently to the Council and that the response be distributed to the Audit and Governance Committee at its meeting on 23 January 2020;**
- (e) support the pursuance of mediation between the Council and the Kinson Community Association.**

Voting: Unanimous

25. Local Government and Social Care Ombudsman Annual Reports 2018/19

The Committee received the annual reports for the three legacy Councils for the period ending on 31 March 2019 setting out the number of enquires received and investigations undertaken. Whilst enquires were reported to have reduced slightly compared with the previous 12 month period, complaints had slightly risen although no items of major concern had arisen from the Ombudsman's findings. In response to questions, the way in which service users were made aware of the complaints process was explained although it was noted that emphasis was always placed on developing a positive dialogue with customers.

It was noted that a single complaints system across Bournemouth, Christchurch and Poole Council was in the process of being implemented.

RESOLVED that the Committee note the Local Government and Social Care Ombudsman's Annual Reports for 2018/19.

Voting: Unanimous

26. Treasury Management Monitoring report for the period April to August 2019

The Committee was reminded of the background to the Treasury management process and considered performance within the context of the current economic background. The adopted approaches to borrowing and to investment was set out and the process of regular internal and external auditing was explained. The summary provided included the full list of investments as at 31 August 2019 and achievement of higher than average

returns were reported. The proposed training session for Councillors was recommended as a very useful and productive way of maintaining the level of understanding that members of the Committee required.

RESOLVED that:-

- (a) the Committee note the reported activity of the Treasury management function for the period ending 31 August 2019;**
- (b) the Committee receive a training session on the Treasury Management function from the Council's Treasury Advisors, Link Asset Services.**

Voting: Unanimous

27. BCP Council Investment to Support the One Dorset Pathology Unit

The Committee was referred to a report presented to the Cabinet on 11 September 2019 and members of Audit and Governance Committee had been requested to consider the proposals for extension of the schedule of approved investments to facilitate involvement by the Council in the Pathology Unit project. The nature of the proposed investment was explained and a final recommendation would be made to the Council in November. The role of the Committee at this stage was carefully to consider the audit and governance implications of the proposal and Members recorded their support for the principle of the scheme.

RESOLVED that the Audit and Governance Committee support the recommendation relating to the One Dorset Pathology Unit made to the Council at the Cabinet meeting on 11 September.

Voting: Unanimous

28. Emergency Planning and Business Continuity Update

The Committee noted the arrangements in place in accordance with the Council's obligations under the Civil Contingencies Act including Emergency Plan and business continuity arrangements.

There was particular discussion around the level of planning and preparedness for the impact of the United Kingdom leaving the European Union and the Chief Executive described his role in preparations being delivered on a regional basis within the South West including a close level of liaison and communication with Central Government. A specific schedule of Council related risks associated with withdrawal was set out for the information of the Committee.

RESOLVED that the Committee note the arrangements and activities undertaken by Bournemouth, Christchurch and Poole Council in relation to Emergency Planning; European Union exit planning; work with partners across the Dorset Local Resilience Forum and Business Continuity.

Voting: Unanimous

29. Internal Audit Plan Update - April to September 2019/20

Consideration was given to a report describing progress with delivery of the Internal Audit Plan over the period from 1 July to 30 September 2019. Of the three audits fully completed in the period two had provided reasonable assurance but a third, the audit into the governance of Lower Central Gardens & Five Parks Charitable Trusts, had resulted in only partial assurance. Recommendations made as part the audit work were reported to have been agreed with the Trust management, were set out in full as an Appendix to the report and were being implemented in a satisfactory manner. There were also two outstanding Whistleblowing incidents which were still being addressed.

RESOLVED that the Committee note the progress made on the 2019/20 Internal Audit Plan and the issues arising on delivery of the Plan.

Voting: Unanimous

30. Risk Management – Corporate Risk Register Update

The Committee received a regular update on the Corporate Risk Register and assurance was provided that the strategic risks included on the list continued to be monitored closely by the Corporate Management Team. Although the risks were high level, and therefore sometimes slow to respond to change, there was no complacency around the way in which they were monitored.

RESOLVED that the Committee note the outcome of the review for this period of the Corporate Risk Register.

Voting: Unanimous

31. Update on the BCP Council Local Code of Governance

It was explained that the Local Code of Governance required update on an on-going basis in order to keep pace with Bournemouth, Christchurch and Poole Council governance arrangements. In addition, the Local Code had been updated to help ensure that the practical arrangements for delivery were properly in place. Those areas which were still reliant upon hybrid or legacy systems were identified in the report but these were already reducing in number and would continue to do so going forward.

RESOLVED that the Committee agree the updated Local Government Code of Governance, including amendments to section 5 and a new section 6 – ‘How BCP ensures Good Governance is delivered’.

Voting: Unanimous

32. External Audit - Audit Finding Reports 2018/19 for Bournemouth and Poole Legacy Councils

Following initial consideration at the last meeting of the reports presented in draft format, the Committee received the updated findings reports for Bournemouth and for Poole legacy Councils for 2018/19. The Auditors had provided unqualified opinions in both cases and declared themselves satisfied in all respects that proper arrangements were in place. Unqualified value for money conclusions were therefore also reported.

In response to questions, the valuation processes used as part of the auditing process was described and this part of the audit work was currently being standardised across the new Council. Grant Thornton reported that they were likely to focus on the subject of valuation during the next year's audit but in the meantime assurances were given that the appropriate rigour would be applied as part of best practice development for Bournemouth, Christchurch and Poole Council.

In addressing specific issues of detail in these types of Auditors' reports it was suggested by the Chairman that Members wishing to raise detailed matters should submit these in advance and this view was supported by the Committee.

RESOLVED that the Committee note the audit opinion and updated findings of the Council's External Auditor following their audit of the Bournemouth and of the Poole legacy Councils' statements of accounts for 2018/19.

Voting: Unanimous

33. External Audit - Annual Audit Letter Year Ending 31 March 2019 for the three legacy Councils (Bournemouth, Christchurch and Poole Councils)

The final Annual Audit letters for each legacy Council constituting the final formal notification of the External Auditors' work in respect of the year ending 31 March 2019 were presented to the Committee.

On behalf of the Committee, the Chairman passed on his thanks and appreciation to the Chief Finance Officer and the whole of the Finance Team for the huge amount of work undertaken in completing the accounts of the three legacy Councils.

RESOLVED that the Committee note the Annual Audit Letters for each of three legacy Councils for 2019/20.

Voting: Unanimous

34. External Audit - External Audit Reform

The External Auditor referred Councillors to a presentation about the future direction and role of External Audit at national level going forward and explained that a process of consultation was commencing prior to any formal decision about the future.

35. Review of the Constitution and future Audit and Governance Committee Programme.

The Committee was referred to its responsibility to maintain an overview of the Council's Constitution and governance arrangements and it was suggested that a Working Group of the Committee be established to discharge this function and report back to the Committee. The role of the Group would be to consider immediate issues and potential adjustments identified in the early phases of implementation of the Bournemouth, Christchurch and Poole Council and also to consider how to discharge the role in the future. There was discussion about the composition of the Working Group.

Members were also referred to discussion at the previous meeting about identifying additional work for the Committee over and above its core audit functions and underlying the importance of ensuring that the Committee was able to fully and properly engage with the audit process. Since the last meeting the Chairman had corresponded with members of the Committee to establish a preliminary list of additional business.

RESOLVED that:-

- (a) the Constitution Working Group be established consisting of the following five members of the Audit and Governance Committee and that the Chair of the Working Group be elected at its first meeting;**
- (b) the membership of the Working Group be Councillors S Bartlett (Independent), J Beesley (Conservative) M Cox (Unity Alliance), S McCormack (Unity Alliance) and L Williams (Conservative);**
- (c) meetings of the Working Group take place on 30 October 2019 at 4pm; 25 November at 3pm and (if required) 10 December at 3pm;**
- (d) a programme of additional meetings of the Audit and Governance Committee be established in accordance with the dates identified.**

Voting: Unanimous

36. Forward Plan 2019/20

The Committee considered the Forward Plan for 2019/20 and subject to agreement that the item in January 2020 on Declaration of Outside Interests of Officers, should include a report on a new Policy on Declaration of Gifts and Hospitality for Officers, it was

RESOLVED that, subject to the comments raised, the Committee approve the Forward Plan for 2019/20.

Voting: Unanimous

37. Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2018/19

The Committee was appraised of the counter fraud work undertaken by Internal Audit during the 2018/19 Financial Year in respect of the three legacy Councils. All allegations of suspected fraud or financial irregularity were reported to have been investigated in a proportionate manner. Outcomes were set out for the Committee in a confidential appendix to the report. The incidence of whistleblowing was also reported and work would continue over the year to assess and review the Council's Whistleblowing Policy.

Exclusion of Press and Public

It was proposed by Councillor M Williams, seconded by Councillor B Dunlop and

RESOLVED that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1 and 2 in Part I of Schedule 12A of the Act and that the public interest in withholding the information outweighs such interest in disclosing the information.

Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2018/19 – Exempt Business

Consideration was given to a schedule of audit investigations carried out in 2018/19 and more detail was provided to the Committee in response to questions on specific investigations.

The Committee returned to open business and it was

RESOLVED that the Committee note the counter fraud work and investigations carried out by Internal Audit during 2018/19 and the whistleblowing referrals received during 2018/19 in respect of the three legacy Councils (Bournemouth, Christchurch and Poole).

Voting: Unanimous

The meeting ended at 9.10 pm

CHAIRMAN