

# Notice of Audit and Governance Committee

Date: Thursday, 19 December 2019 at 10.30 am

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



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## 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

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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](mailto:bob.hanton@bcpcouncil.gov.uk)

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

This notice and all the papers mentioned within it are available at [democracy.bcpCouncil.gov.uk](http://democracy.bcpCouncil.gov.uk)

GRAHAM FARRANT  
CHIEF EXECUTIVE

11 December 2019



# 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 14 November 2019.

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## 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 12 December 2019.

The deadline for the submission of a statement is 12.00 noon, Wednesday 18 December 2019.

The deadline for the submission of a petition is 12.00 noon, Wednesday 18 December 2019.

**6. The establishment of the Capital Programme and the Management and Monitoring of Capital Project Budgets**

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 14 November 2019 at 10.30 am

Present:-

Cllr J Beesley – Chairman

Cllr L Williams – Vice-Chairman

Present: Cllr M Andrews, Cllr S Bartlett, Cllr M Cox, Cllr M White and  
Cllr A M Stribley

38. Apologies

Apologies for absence were received from Councillors Butt, Dunlop and McCormack.

39. Substitute Members

Councillor A Stribley attended as a substitute for Councillor B Dunlop.

40. Declarations of Interests

There were no declarations of disclosable pecuniary interest.

41. Confirmation of Minutes

It was noted that at agenda item 18 of the meeting on 10 October 2019 the Chief Executive had advised the Committee that he was liaising separately about issues raised by a member of the public, Mr Roger West, and that, if appropriate and if considered to be of assistance to the Committee, he would report back to the Audit and Governance Committee at the conclusion of those discussions.

Subject to the above, the Minutes of the meeting held on 10 October 2019 were confirmed as a correct record and signed by the Chairman.

42. Public Issues

A member of the public, Mr Roger West, asked the following questions.

***Question 1:***

How was it possible that the Kinson Community Association had not prepared Audited Accounts for many years whilst being managed by an employee of Bournemouth Borough Council? During this time I have been informed that over £100,000 has been found to be missing.

**Response by the Chairman of the Committee:**

The Police, legacy Bournemouth Borough Council (BBC), and the Independent Investigator (appointed by legacy BBC with the agreement of KCA) have not been provided with any evidence to substantiate allegations of theft of any financial sum or any other financial wrongdoing. The failure to prepare audited accounts is a matter for Kinson Community Association (KCA) and the Charity Commission, the following press release has recently been made by the Charity Commission.

*'The Charity Commission has opened an inquiry into Kinson Community Association ([215169](#)) due to concerns of mismanagement and/or misconduct at the charity. The community centre is set up to promote spiritual, mental, physical and social development to the Kinson community in Bournemouth. The inquiry was opened on 19 September 2019.*

*The charity was entered into a class inquiry in February 2018 to look into charities which had repeatedly defaulted on their statutory filing requirements. Despite continued engagement during the course of that inquiry the charity's financial accounts for the FYE 31 December 2015 and 2016 are still outstanding and 31 December FYE 2017 are now also overdue.*

*These issues raise concerns over the charity's accountability and transparency. As such, the inquiry will examine the governance, management and administration of the charity, including having regard to:*

- the extent to which the trustees have complied with previously issued regulatory guidance.*
- whether the trustees have properly exercised their duties and responsibilities under charity law in the administration of the charity and in particular their duty to account for the charity's funds.*

*It is the Commission's policy, after it has concluded an inquiry, to publish a report detailing what issues the inquiry looked at, what actions were undertaken as part of the inquiry and what the outcomes were. Reports of previous inquiries by the Commission are available on [GOV.UK](#).'*

**Question 2:**

The quality of the audio recording is very poor. Christchurch Council was much further advanced than this Council and video recorded their council meeting. When will BCP Council follow their example?

**Response by the Chairman of the Committee:**

BCP Council has inherited the audio equipment in each of the three main office locations. In order to provide recording facilities for all meetings, additional equipment has been installed in the committee room in Poole at no additional cost. However, it is acknowledged that the age and technical specification of the

equipment at each site varies significantly and as consequence, audio recordings do vary in quality. It is not considered to be in the public interest to incur significant expenditure on upgrading the equipment in all meeting locations at this time.

At the meeting of Cabinet held on 13 November 2019, a Working Group was established to consider the options for the development and/or location of a 'Single Council Hub', as an integral part of the Council's Transformation Programme. The outcome of this work will help inform the future meeting space requirements. It will then be appropriate to define the specification requirements for the installation of new audio-visual equipment.

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

CIPFA Guidelines for Audit Committees

The Committee was introduced to the Chartered Institute of Public Finance and Accountancy ('CIPFA') 'Audit Committees' document (2018 Edition) which, it was explained, provided practical guidance for all Local Authorities and which represented best practice throughout the sector. The document provided a list and assessment of expected core functions and also suggested a range of wider activities which is was open to Local Authorities to adopt. A comparison of the respective roles of the Overview and Scrutiny and the Audit and Governance Committees was also presented.

The Committee received an appraisal and comparison of its own existing Terms of Reference compared with recommended best practice as set out in the CIPFA document. The results of a process of matching from the two sources was set out and, overall, there was reported to be a sound match between the two. In some instances BCP Council went beyond the minimum standards suggested by CIPFA.

Clarity was sought about the status of the Standards Committee and it was accepted that, quite correctly, the Standards Committee stood separate and independent from Audit and Governance with the function of implementing, in practice, the ethical standards as agreed and laid down by the Council and as included within the Code of Conduct.

In response to a further question about the 'Value for Money' ('vfm') assessment it was noted that the annual report of the Chief Internal Auditor included (for the legacy Councils) a section on vfm arrangements and provided an opinion on adequacy. The Committee were of the view that Terms of Reference of Audit and Governance Committee should, as recommended in the CIPFA document, expressly include vfm .

The Committee considered in turn each line of the matching process and particularly a number of areas where a completely explicit match did not exist. The Committee was accordingly referred to the following CIPFA model Terms of Reference not specifically included in BCP Council Terms and made suggestions set out for further discussion or for consideration by the Constitution Working Group.

CIPFA Model terms:

Governance, Risk & Control

12. To review the governance and assurance arrangements for significant partnerships or collaborations

Internal Audit

14. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations (Not Applicable)

23. To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every 5 years

25. To provide free and unfettered access to the audit committee chair for the head of internal audit including the opportunity for a private meeting with the committee

External Audit

26. To support the independence of external audit through consideration of the external auditors annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate

27. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies

Accountability Arrangements

34. To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

35. To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

36. To publish an annual report on the work of the committee.

Governance Risk and Control of partnerships (CIPFA model term 12) – It was explained that whilst the outcomes of Internal Audit's work in relation to partnership governance were reported to the Committee, the full range of controls and systems were not explicitly reported. It was noted that this could be achieved by simply extending the current reporting to include more detail or by producing a separate report.

Internal Audit (CIPFA model terms 14, 23 and 25) – In response to questions, the Committee was reassured that external specialist expertise (for example in specialist computer and audit skills) was always bought in when required and that there was budgetary provision to do that.

External Audit (CIPFA model terms 26 and 27) – In response to questions, the background to the process for the appointment of External Auditors since the disbanding of the Audit Commission was outlined including the



way in which the Public Sector Audit Appointments ('PSAA') opt-in regime provided a national tendering and contract framework. The PSAA system provided significant economies of scale, and there were strict Governmental regulations and accreditation regimes which meant that only six External Audit Companies were able to offer this work. It was noted that the opportunity to review BCP Council's 'opt-in' approach could be considered at the end of the current contract and the Internal Audit Manager undertook to advise Members of the contract end date.

[Post meeting noted : The current appointing period covers the audits of the accounts for 2018/19 to 2022/23]

Accountability Arrangements (CIPFA model 34 to 36) – The Committee expressed the view that these accountability arrangements should be included within the Terms of Reference of the BCP Council Audit and Governance Committee.

The guidance from CIPFA also included a statement of the areas of knowledge that should ideally be present within an Audit Committee although it was accepted that the aim should be to have a balance of skills and experience represented. The availability of quality training opportunities, self assessment facilities and evaluation of effectiveness were considered to be essential going forward. Training should be provided through a blend of internal and external provision and this was something that was being investigated and would be reported back to the Committee.

The Committee also underlined the importance of transparency and encouraging widest possible opportunities for engagement by other Councillors. The Committee was also of the view that to promote transparency and clarity a formal 'Statement of Purpose' in respect of the Committee should be included within the Constitution as an opening paragraph to the Terms of Reference.

In response to a specific question at this point, Members were informed that the current Constitution provided for and allowed the formal substitution of Committee Members who were absent.

#### Statutory Financial Reporting Duties for Local Authorities

During the second part of the presentation, the Statutory reporting duties were outlined and explained including Public Rights of Inspection provisions and other CIPFA and Governmental Codes which applied.

#### Procurement Transparency

It was explained that transparency was achieved by publication through the website of details of all expenditure on a monthly basis. Contract data was also published through the BCP Council Contracts Register accessible through the website. Tendering opportunities were also advertised through the BCP Council's tendering portal. This meant that future and ongoing procurement information was available and that the ability to tender was

open to all and available through a process that was available free to all suppliers. The degree to which local and small businesses were being supported was also apparent through this approach. It was noted that a report on Sustainable Procurement Strategy would be submitted to the meeting of the Committee in January 2020.

#### Conclusion

The Chairman thanked the Officers for their comprehensive and valuable set of presentations and a number of important items for further discussion at the Constitution Working Group had been identified. There was agreement that this was a productive way to use the additional meetings to address identified areas and subjects highlighted for further attention by members of the Committee.

The meeting ended at 11.56 am

CHAIRMAN