

# Notice of Audit and Governance Committee

Date: Thursday, 29 July 2021 at 6.00 pm

Venue: Committee Suite, Civic Centre, Poole BH15 2RU



---

## Membership:

### Chairman:

Cllr J Beesley

### Vice Chairman:

Cllr L Williams

Cllr M F Brooke

Cllr D Brown

Cllr D Butt

Cllr L Fear

Cllr A Filer

Cllr M Phipps

Cllr T Trent

---

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 view the live stream of this meeting at the following link:

<https://democracy.bcpCouncil.gov.uk/ieListDocuments.aspx?MId=4845>

If you would like any further information on the items to be considered at the meeting please contact: Democratic Services by email at [democratic.services@bcpCouncil.gov.uk](mailto:democratic.services@bcpCouncil.gov.uk)

Press enquiries should be directed to the Press Office: by email at [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](https://democracy.bcpCouncil.gov.uk)

GRAHAM FARRANT  
CHIEF EXECUTIVE

21 July 2021



## Maintaining and promoting high standards of conduct

### Declaring interests at meetings

Familiarise yourself with the Councillor Code of Conduct which can be found in Part 6 of the Council's Constitution.

Before the meeting, read the agenda and reports to see if the matters to be discussed at the meeting concern your interests



What are the principles of bias and pre-determination and how do they affect my participation in the meeting?

Bias and predetermination are common law concepts. If they affect you, your participation in the meeting may call into question the decision arrived at on the item.

#### Bias Test

In all the circumstances, would it lead a fair minded and informed observer to conclude that there was a real possibility or a real danger that the decision maker was biased?

#### Predetermination Test

At the time of making the decision, did the decision maker have a closed mind?

If a councillor appears to be biased or to have predetermined their decision, they must NOT participate in the meeting.

For more information or advice please contact the Monitoring Officer  
([susan.zeiss@bcpcouncil.gov.uk](mailto:susan.zeiss@bcpcouncil.gov.uk))

### Selflessness

Councillors should act solely in terms of the public interest

### Integrity

Councillors must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships

### Objectivity

Councillors must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias

### Accountability

Councillors are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this

### Openness

Councillors should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing

### Honesty & Integrity

Councillors should act with honesty and integrity and should not place themselves in situations where their honesty and integrity may be questioned

### Leadership

Councillors should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs

# 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 requested to declare any interests on items included in this agenda. Please refer to the workflow on the preceding page for guidance.

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 10 June 2021.

9 - 12

## 5. **Public Issues**

To receive any public questions, statements or petitions submitted in accordance with the Constitution, which is available to view at the following link:

<https://democracy.bcpccouncil.gov.uk/ieListMeetings.aspx?CommitteeID=151&Info=1&bcr=1>

The deadline for the submission of a public question is 4 clear working days before the meeting.

The deadline for the submission of a public statement is midday the working day before the meeting.

The deadline for the submission of a petition is 10 working days before the meeting.

## 6. **Financial Statements 2020/21: Informing the Risk Assessment and Review of Significant Judgements and Sources of Estimation Uncertainty**

13 - 74

As part of the external auditor's risk assessment and audit planning for 2020/21 they are required to make enquiries to "those charged with

governance” of management processes and the Authority’s oversight of these processes, including material accounting estimates.

The appendices of this report set out the management processes and accounting estimates relevant to the 2020/21 audit for consideration and approval by the Audit and Governance Committee.

**7. Treasury Management Monitoring Outturn 2020/21 and update for Quarter 1 2021/22**

75 - 86

This report sets out the monitoring of the Council’s Treasury Management function for the period 1 April 2020 to 31 March 2021.

A surplus of £18k has been achieved through a reduced need to carry out temporary borrowing due to high cash balances generated from funding paid in advance associated with the government’s response to the pandemic.

The report also sets out the Quarter One performance for 2021/22 which forecasts an underspend of £171k due to a lower requirement for temporary borrowing.

Further to the standard update the reports seeks approval to a minor adjustment to the Councils minimum revenue provision policy as well as seeking endorsement to increase our borrowing head room in line with the proposal set out in the financial strategy supporting the proposed 2022/23 budget as endorsed by Cabinet.

**8. Risk Management - Corporate Risk Register Update**

87 - 106

This report updates councillors on the position of the council’s Corporate Risk Register. The main updates are as follows:

- No new risks have been added to the council’s Corporate Risk Register during the quarter.
- Corporate Risk CR8 – Inability to run an election/ referendum – has been de-escalated and it now returns to being a service risk.

Each of the risks have been reviewed including the Actions Completed and the Actions Proposed.

**9. Changes to Council Constitution - Update**

Verbal  
Report

The Chairman of the Constitution Review Working Group will provide a verbal update on the work of the Group following its meeting on 20 July 2021.

**10. Annual Review of Register of Declarations of Interests, Gifts and Hospitality by Officers Report 2020/21**

107 - 112

An annual review and update of the Council’s Declaration of Interests, Gifts & Hospitality Policy took place in March 2021.

A recent Internal Audit review has been carried out on arrangements in place to ensure adequate staff awareness of the Declaration of Interests, Gifts & Hospitality Policy and to confirm declarations were being made as necessary. The review resulted in a 'Reasonable' assurance audit opinion and recommendations made to improve arrangements are being implemented.

There have been no internal or external identified instances, whistleblowing or reports by any other means where an undeclared interest has led to any disciplinary action or led to reputational damage.

**11. Use of Regulation of Investigatory Powers Act (RIPA) annual report 2020/21**

113 - 118

A new BCP RIPA Policy was introduced in April 2021.

RIPA training has been provided to assist with compliance with legislation and the BCP RIPA Policy.

BCP Council is in the process of drafting an Investigatory Powers Act 2016 (IPA) Policy for communications data acquisition and this will be presented to Audit & Governance Committee for approval in due course.

An inspection by the Investigatory Powers Commissioner's Office (IPCO) on the use of investigatory powers has recently been carried out and the outcome will be brought back to this committee.

The Council has not made use of RIPA powers during the 2020/21 financial year.

**12. Chief Internal Auditor's (CIA's) Annual Opinion Report 2020/21**

119 - 136

It is the opinion of the Chief Internal Auditor that during the 2020/21 financial year:

- arrangements were in place to ensure an adequate and effective framework of governance, risk management and control (internal control environment) and that where weaknesses were identified there was an appropriate action plan in place to address them;
- the systems and internal control arrangements were effective and that agreed policies and regulations were complied with;
- adequate arrangements were in place to deter and detect fraud;
- there was an appropriate and effective risk management framework;
- managers were aware of the importance of maintaining internal controls and accepted recommendations made by Internal Audit to improve controls;
- the Council's Internal Audit service was effective and compliant with all regulations and standards as required of a professional internal audit service; and that
- the arrangements, in respect of the Chief Internal Auditor, were consistent with all of the five principles set out in the CIPFA publication "The Role of the Head of Internal Audit in Public Sector Organisations".

- Whilst the COVID19 pandemic had a significant impact on the work of Internal Audit a revised Audit Plan was approved by the Audit & Governance Committee in July 2020 which has been delivered and no 'limitation of scope' opinion needs to be issued.

### 13. **Annual Breaches and approved Waivers of Financial Regulations Report 2020/21**

137 - 152

This report sets out the breaches and waivers of Financial Regulations (the Regulations) which have occurred during the 2020/21 financial year (see table in the report).

The low number of breaches compared to previous years indicate that there was generally a good level of understanding of the Regulations.

The Chief Finance Officer, or formally delegated representatives, agreed 116 waivers totalling £12.6M.

The higher number of waivers compared to 2019/20 is materially due to the impact of COVID19 and the requirement to either directly award or run procurement processes with a select list of suppliers to be able to deliver goods, services and work, for both revenue and capital projects at speed in response to the pandemic and the emerging issues it presented. BCP Council has followed Government issued advice and guidance in making procurement decisions during 2020/21 related to COVID19.

The advice and guidance state that sufficient documentation needs to exist to justify decisions taken in all stages of the procurement procedure in case of future challenge. BCP Council maintains Procurement Decision Records (PDR's) which satisfy this requirement.

Whilst full compliance can never be guaranteed and 'under-reporting' of breaches, in particular, is an inherent possibility, arrangements were in place to detect instances of non-compliance.

An effective and transparent breaches and waiver governance process maximises the chances of the Council achieving value for money and complying with UK Procurement Legislation (Public Contract Regulations 2015 (PCR15)) principles when procuring goods, services or works under PCR15 thresholds.

### 14. **Annual Governance Statement (AGS) 2020/21 and annual review of Local Code of Governance**

153 - 184

The Accounts and Audit Regulations 2015\* require councils to produce an Annual Governance Statement (AGS) to accompany its Statement of Accounts.

This report seeks approval for the AGS for BCP Council.

The AGS concludes that BCP Council **"has effective and fit-for-purpose governance arrangements in place in accordance with the governance framework"**.

After considering all the sources of assurance (for governance arrangements), BCP Corporate Management Board identified that the following significant governance issues existed:

- Governance of Children's Social Services
- Governance Arrangements with External Bodies

An action plan to address these significant governance issues has been produced and is being implemented. An update against the action plan will be brought to Audit & Governance Committee in January 2021.

\*and as amended by the Accounts and Audit (Amendment) Regulations 2021

**15. Internal Audit - Quarterly Audit Plan Update (Quarter 1) 2021/22**

185 - 190

This report details progress made on delivery of the 2021/22 Audit Plan for the period April to June (inclusive) 2021. The report highlights that:

- Three audit assignments have been completed (two 'Reasonable' and one 'Partial' audit opinions);
- Sixteen audit assignments are in progress;
- Implementation of audit recommendations is satisfactory;

A significant amount of work undertaken during the quarter related to completion of the 2020/21 Audit Plan. The 'Chief Auditor's Annual Report 2020/21' contains the outcome of this work which is being reported separately to this committee

**16. External Auditor - Audit Plan 2020/21 and Progress Report/Sector Update**

191 - 238

The attached report at Appendix A sets out the work that the Council's External Auditor, Grant Thornton, plan to undertake for the audit of the Council's Statement of Accounts in respect of 2020/21.

The External Auditor plans to give an opinion on whether the accounts give a true and fair view and whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The attached report at Appendix B provides an update to Audit & Governance Committee on the External Auditor's progress to date in delivering their responsibilities.

The report also includes a summary of emerging national issues and developments that may be relevant to the Council.

**17. Audit & Governance Committee Forward Plan**

239 - 242

This report sets out the reports to be received by the Audit & Governance Committee for the 2021/22 municipal year.

