

**BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL**  
**AUDIT AND GOVERNANCE COMMITTEE**

Minutes of the Meeting held on 14 April 2022 at 6.00 pm

Present:-

Cllr J Beesley – Chairman

Cllr L Williams – Vice-Chairman

Present: Cllr M F Brooke, Cllr D Butt, Cllr M Cox, Cllr L Fear, Cllr M Phipps  
and Cllr T Johnson (in place of Cllr A Filer)

100. Apologies

Apologies for absence were received from Councillors Filer and Rice.

101. Substitute Members

Formal notification had been received appointing Councillor T Johnson as substitute for Councillor Filer.

102. Declarations of Interests

There were no declarations of interest.

103. Confirmation of Minutes

The Minutes of the meeting held on 31 March 2022 as circulated separately to the Committee were confirmed as a correct record.

104. Public Issues

The Committee was advised of the receipt of the following Public Question.

**Question**

**REGARDING THE COUNCIL'S INTERNAL AUDIT PROCEDURES IN RESPECT OF CERTAIN ASSET TYPES**

**QUESTION**

Will this overseeing Committee ascertain & confirm regarding the relevant balance sheet "Long-Term" & "Current" Assets –

- Scope of intended **internal audit verification test procedures** for asset types including investments where - **as applicable** - not only physical existence & authorised custody but also Council title & asset impairment are considerations. The Core Audit Plan 2022/23 at agenda **9** is silent / not entirely specific regarding this.

Philip Gatrell. Question submission date: 7.4.22

### **Response**

Grant Thornton, the Council's external auditor, as a result of their work give their opinion on the completeness, accuracy and compliance with legislative requirements of the Council's balance sheet. This includes the two asset categories in Mr Gatrell's question.

Internal Audit does not seek to duplicate work that Grant Thornton performs and conversely Grant Thornton are not able to place reliance on the work of internal audit and must perform their own testing. Built up over a number of years there is an understanding between Internal and External Auditors on the scope of audit work each party covers.

The Core Internal Audit Plan 2022/23 at agenda item 9, Appendix B, first line of the table, in the section headed Key Assurance Function, shows the heading Asset Management (Facilities Management\Estate Management) and shows a planned resource allocation of 40 days.

As described in the Audit Charter the scope of each individual audit assignment within the plan is not 'set in stone' at the start of any given audit\financial year and instead is risk based. In practice this means that prevailing risks, views and comments from a wide variety of sources including Internal audit's own professional judgement, senior managers, councillors, external audit and public opinion\interest all feature in determining the scope of each audit assignment within the constraints, of course, of resources available.

Scope determination happens in practice in the build up to an audit and remains dynamic throughout the audit and can be subject to change as issues present.

The Asset Management Audit is part of the 'Key Assurance Function' section of the audit plan – this recognises that asset management is key to the Council achieving its stated objectives. As such there is a 'core work and testing programme', although this does not necessarily mean every element is covered in every audit assignment, however it does cover areas such as physical existence and title record keeping as identified in Mr Gatrell's question.

In summary therefore Mr Gatrell and the A&G Committee can be assured that the 2022/23 Internal Audit Plan has an initial 40 days allocated to cover Asset Management Key Assurance audit work. The exact scope of this audit work is yet to be determined and will be finalised in the lead up to the planned fieldwork.

The Committee was advised of the receipt of the following Public Statement.

**Statement**

**AGENDA ITEM 5 REGARDING PUBLIC ISSUE PROTOCOLS FOLLOWING THE INACCURATE RESPONSE TO THIS LOCAL RESIDENT'S RELATED QUESTION AND STATEMENT TO THE COMMITTEE ON 31.3.22**

**STATEMENT**

"Public participation" isn't the "discretionary facility" defined in the response. It's a stated Constitutional right. Enabling, for example, regulatory Committees' scrutiny of issues otherwise escaping their awareness, following senior Officers' failures to respond adequately to notice of significant contraventions of law & procedure.

Consequently, the six minutes invested in Councillors' & public initial recognition on 31 March aren't dismissible as - quote - not "efficient ... effective use of committee time".

Head of Democratic Services will now be referring my proposed protocol to the Review Group for, I trust, prompt fulfilment. Likewise the Constitution's overdue correction concerning three notified misstatements of fundamental local authority law.

Philip Gatrell. Statement submission date:12.4.22

The Chairman of the Committee reminded the Committee that there was no debate or discussion on public questions or statements but he invited any individual Members wishing to discuss issues raised by the questioner within separate correspondence circulated by the questioner to raise any issues with him directly but outside the formal meeting.

105. 2020/21 Statements of Accounts Update

The Committee was informed that updates would continue to be received by the Committee about progress with sign-off of the BCP Council Statement of Accounts for 2020/21 with the Council's External Auditors, Grant Thornton, invited to address the Committee. Reassurance was also provided that, in the interim periods between meetings, the Chairman and Vice-Chairman were involved in monitoring the position in parallel discussions.

As previously reported, the Committee was reminded of the two outstanding issues preventing sign-off, namely the delay by the Dorset Council Auditors in signing off the Dorset Pension Audit and the national issues relating to the way in which the Council's infrastructure assets were required to be assessed within the Accounts. These were both matters which were firmly outside the control of BCP Council.

Grant Thornton outlined the current position explaining that the required formal letter relating to the Pension Fund issues had been expected on 8 April but not received and also explaining, on the infrastructure assets valuation issue, that national guidance was now awaited from the Chartered Institute of Public Finance and Accountancy (CIPFA) although not now

expected until the end of June 2022. It was reported that this latter issue had now become a national one with 52% of Councils now caught by the emerging rules and, like BCP Council, unable, for the time being, to conclude their Statement of Accounts.

The BCP Council Chief Finance Officer advised that he was in contact with his counterpart at Dorset Council, which administered the Pension Fund, and undertook to continue to exert pressure to resolve this element as soon as possible. Additionally, the Chairman and Vice-Chairman of the Committee advised that a further interim meeting with Grant Thornton was scheduled on 10 May after which the Chairman would ensure that the Committee received a further update on progress.

Members of the Committee expressed their frustration about the unsatisfactory situation and, in response to questions, Grant Thornton, confirmed that all Councils with accounts outstanding would be affected by the rule changes and that, going forward to the following year, all Councils would be caught by the new provisions to be included within the CIPFA guidance.

It was also explained that, although historical infrastructure asset valuation was a low-risk area in terms of auditing, it was possible that some additional work would be necessary to comply with the guidance once issued although this was not expected to be in place before June at the earliest.

Reassurances were again provided that everything possible was being done to resolve the issue as quickly as possible but progress could not be made until the national position was clear and settled. Members of the Committee explored other options and particularly received advice about the possibility of issuing 'qualified accounts' and this was one option that could be considered if appropriate at a future stage in discussion with Grant Thornton.

106. Information Governance Update

The Service Director, Law and Governance, presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'A' to these Minutes in the Minute Book.

The Committee received the annual Information Governance report for the period to April 2022. The report included a range of performance management information and monitoring data in respect of Freedom of Information (FOI) requests and Environmental Information Regulations (EIR) requests and including commentary in each case about performance under each heading.

The Committee noted that the Council's average response rate had been a commendable 86% for April to December 2021 compared to 73% in 2019/20 and 80% in 2020/21 and against a target response rate set by the Information Commissioner's Office of 90%. Although data for the final

Quarter was not yet available, the incremental increase was expected to continue.

The report also set out a schedule of service developments implemented or in progress in response to a total of 10 recommendations (eight medium priority and two low priority) identified in the Internal Audit report of March 2022 when a 'Reasonable' audit opinion had been issued. It was reported that the Team was working closely with individual services across the Council to address improvement objectives and to support staff within service units.

In terms of Governance, a particular priority had been updating the membership and Terms of Reference the BCP Information Governance Board and details were included within the report.

The current composition and staffing of the Information Governance Team was also described.

Members of the Committee highlighted a number of specific issues where updating of the information presented to them would be required and this was an ongoing process. A number of areas were also identified where additional contextual information would be useful. Members particularly welcomed the significant increase in the take-up of information governance training across the Council.

The Committee expressed its commitment to maintaining the correct level of resourcing within the Team to ensure that the function continued to be taken seriously within the Council and requested that, although currently levels were reported to be satisfactory, any resourcing shortfall should be brought to the attention of the Committee.

**RESOLVED that the Audit and Governance Committee**

- (a) notes the Information Governance performance management information for 2021/22 (Q1 to Q3 – December 2021) contained in the report (including requests received under the Freedom of Information Act 2000 (FOIA), Environmental Information Regulations (EIRs), Data Protection Act 2018 (DPA) and other agency disclosure requests);**
- (b) notes the current composition of the Information Governance Team;**
- (c) notes Information Governance developments effected and/or in progress, and the Final Internal Audit report of March 2022.**

Voting: Unanimous

107. Risk Management – Corporate Risk Register Update

The Risk and Insurance Manager presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'B' to these Minutes in the Minute Book.

The Committee received an update on the position of the Council's Corporate Risk Register with a view to providing assurance as to the effective management of the Council's arrangements for risk management. It was reported that during Quarter 4 of 2022 the following four new risks had been added to the register:

- CR17 – Risk to Reputation of Place and Council if summer arrangements are not managed.
- CR20 – Failure to adequately deliver the ambitions of the climate emergency declaration.
- CR21 – Impact of global events causing pressure on BCP Council and increase in service requirements.
- CR22 - Failure of local care market to meet increasing demand.

It was also noted that, during the Quarter, risk CR1 (Failure to respond to the needs arising from a changing demography) had been removed although, in respect of this particular risk, it was explained that this risk had subsequently been dispersed to service areas without diluting the importance and weight attached to it.

In response to questions about risk CR9 (Failure to maintain a safe and balanced budget for the delivery of services) it was confirmed that the Council was actively engaged in addressing the impact on the Council and its residents of the cost-of-living crisis and of current events worldwide and that further reports on the implications of these financial pressures were being prepared for presentation and consideration.

The Committee also received an update about the latest position in respect CR18 (Failure in customer interface) following discussion at the Committee's previous review of the risk register. It was reported that it remained an area of significant pressure although data about rates of response to customers was showing improvement. It was explained, however, that the situation remained complex whilst the benefits from the Council's overall transformation programme were still awaited and, in the meantime, significant investment was being made in increasing the level of customer services staff.

In respect of CR19 (Failure to determine planning applications within statutory timescales or within agreed extensions of time) it was reported that improvement was now evident with a focus on mitigations as detailed in the report. In response to questions, it was confirmed that this included a recruitment campaign aimed at creating a permanent local staff base and on reducing the need to engage agency staff.

In conclusion, the Chairman reminded the Committee of the proposal within the draft Forward Plan for 2022/23 to include an opportunity for the Committee to review the arrangements for risk management from an Audit and Governance perspective.

**RESOLVED** that the Audit and Governance Committee notes the update provided relating to corporate risks including the additional updates received in respect of the Customer Services and Planning functions.

Voting: Unanimous

108. Internal Audit - Quarterly Audit Plan Update (including Audit Charter and Audit Plan for 2022/23)

The Head of Audit and Management Assurance presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'C' to these Minutes in the Minute Book.

The report set out the Internal Audit Charter and Audit Plan for 2022/23 with proposed changes highlighted in red and it was explained that approval of these documents by the Audit and Governance Committee was a requirement of the Public Sector Internal Audit Standards (PSIAS).

The report also detailed progress made on delivery of the 2021/22 Audit Plan for the period January to March 2022 (inclusive).

The report highlighted that thirteen audit assignments have been completed (twelve 'Reasonable' and one 'Partial' audit opinions), twenty-three audit assignments were in progress and that the implementation of audit recommendations was satisfactory.

It was also confirmed that all recommendations and suggestions arising from a recent CIPFA validation of a self-assessment against the Public Sector Internal Audit Standards (PSIAS) had been addressed.

The Head of Audit and Management Assurance formally certified that the allocated resources for 2022/23 was considered adequate to deliver the Internal Audit Charter 2022 and the 2022/23 Audit Plan as described in his report.

**RESOLVED** that Audit and Governance Committee:

- (a) approves the Internal Audit Charter and agrees that the Chair of the Audit and Governance Committee signs the document to record this approval (this may be a virtual sign off using email);**
- (b) approves the Internal Audit Plan 2022/23 including the detailed breakdown of Quarter 1 audits;**
- (c) notes the 2022/23 budget for the Internal Audit service which has been previously approved by Council;**
- (d) notes progress made and issues arising on the delivery of the 2021/22 Internal Audit Plan.**

Voting: Unanimous

109. Forward Plan for the 2022/23 Municipal Year

The Head of Audit and Management Assurance presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'D' to these Minutes in the Minute Book.

The report set out the reports to be considered by the Audit and Governance Committee in the 2022/23 municipal year in order to enable it to fulfil its terms of reference.

In the light of discussions earlier in the meeting, it was noted that an item on 'Statement of Accounts' should be recorded against every meeting within the Forward Plan schedule.

It was also noted that, in addition to the 'ad hoc' reports listed on the draft plan, there would potentially be an item to consider the governance arrangements in place around the BCP Council Transformation programme and that this would be added into the Plan at the appropriate time. It was also noted that an additional opportunity for consideration of constitutional review may also need to be added into the Plan at the appropriate time.

**RESOLVED that the Audit and Governance Committee approves the Forward Plan set out at Appendix A of the report.**

Voting: Unanimous

The meeting ended at 8.15 pm

CHAIRMAN