

Notice of Audit and Governance Committee



Date: Thursday, 12 January 2023 at 6.00 pm

Venue: Committee Room, First Floor, BCP Civic Centre Annex, St Stephen's Rd, Bournemouth BH2 6LL

Membership:

Chairman:

Cllr J Beesley

Vice Chairman:

Cllr L Fear

Cllr M F Brooke
Cllr D Butt
Cllr M Cox

Cllr A Filer
Cllr M Howell
Cllr T Johnson

Cllr M Phipps

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?MIId=5008>

If you would like any further information on the items to be considered at the meeting please contact: Democratic Services on 01202 096660 or email democratic.services@bcpcouncil.gov.uk

Press enquiries should be directed to the Press Office: Tel: 01202 118686 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

4 January 2023

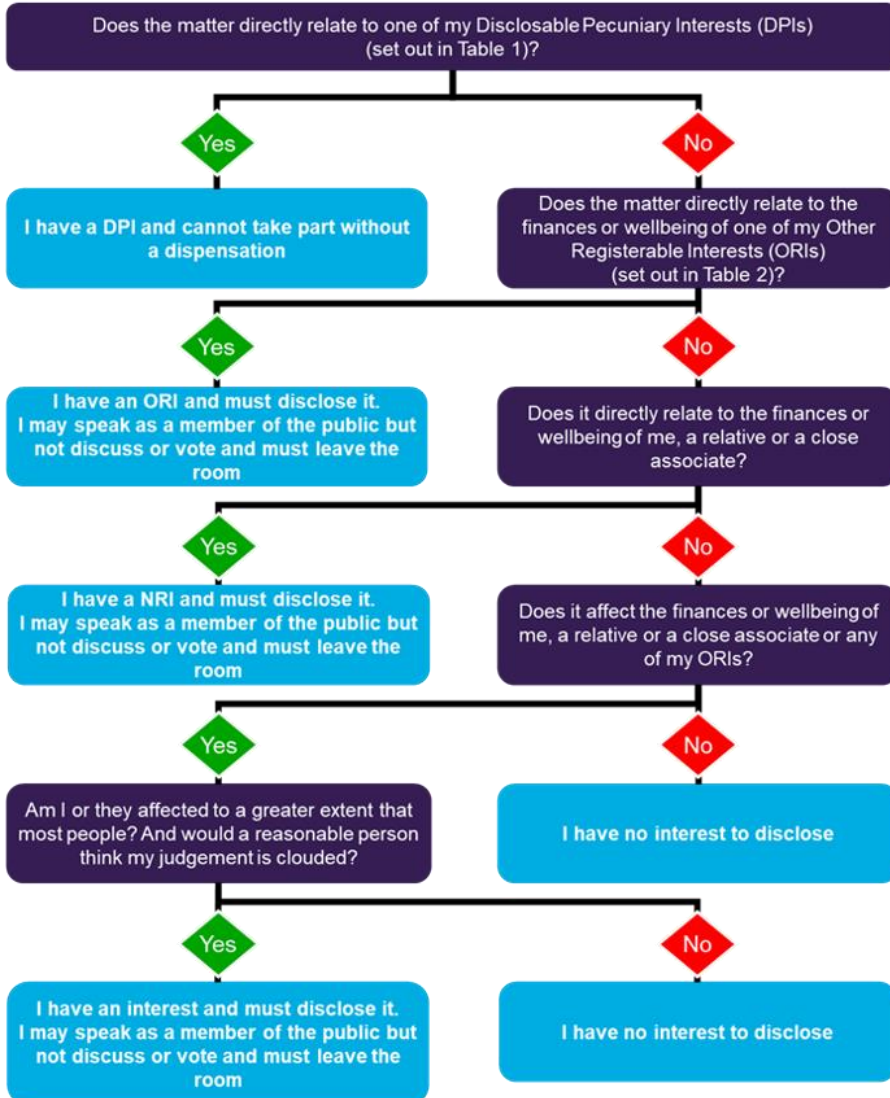


Maintaining and promoting high standards of conduct

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)

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 as a correct record the minutes of the Meeting held on 01 December 2022.

7 - 10

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.bpcouncil.gov.uk/ieListMeetings.aspx?CommitteeID=151&info=1&bcr=1>

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

The deadline for the submission of a 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. External Auditor – Audit Progress & Sector Update

Grant Thornton, as the Council's appointed External Auditors, have produced a report (Appendix A) which provides an update to Audit & Governance Committee on their progress to date in delivering their responsibilities.

11 - 30

The report includes an update on both their 2020/21 and 2021/22 audit

work. Key points of note are:

- Financial Statements Audit 2020/21 – the two issues (relating to infrastructure assets and work undertaken by the auditor of Dorset Pension Fund work) that were causing delay in completing the 2020/21 audit opinion continue to progress with the aspiration that the audit work will be completed by the end of January 2023.
- Value for Money 2020/21 – as previously reported, the Auditors Annual Report for 2020/21 was presented to a special meeting of the Audit & Governance Committee on 20 October 2022.
- Financial Statements Audit 2021/22 – planning and interim work was completed in November 2022. The 2021/22 post-statements audit work has been reluctantly paused due to the resignation of the current Audit Manager. It is not possible to provide an indicative target completion date until a permanent replacement is secured.
- Value for Money 2021/22 – as previously reported the auditors are proposing to delay the commencement of their review until early 2023 as the 2020/21 VFM Auditors Annual Report was only finalised in September 2022. The 2021/22 Auditor's Annual Report, which includes VFM, is expected to be published no later than July 2023.

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

7. Treasury Management Monitoring report for the period April to December 2022 and Treasury Management Strategy 2023/24

31 - 96

The report sets out the monitoring of the Council's Treasury Management function for the period 1 April 2022 to 31 December 2022. A surplus of £2m will be achieved due to the increase in interest rates. The Treasury Management Strategy 2023/24 is included as an appendix to the report. Key changes to the strategy have been set out in paragraphs 18-20.

8. Risk Management – Corporate Risk Register Update

97 - 134

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

- The reporting of the Register continues in the updated format for this quarter;
- One new risk has been added - CR8 - Inability to run an election/referendum;
- Risk CR17 – Risk to Reputation of Place & Council if summer arrangements are not managed was removed during the quarter;
- Material updates to the risks are summarised at sections 19-23.

9. Annual Governance Statement 2021/22 – Action Plan and update

135 - 144

This report provides an update against the Annual Governance Statement (AGS) Action Plan which identified actions to be taken to address the significant governance issues identified in the 2021/22 AGS.

Progress against the agreed action plan is as follows:

Governance of Children's Social Services –The improvement journey of

Children's Social Services is monitored through various officer and Councillor forums, including the Improvement Board and Children's Overview and Scrutiny Committee, and externally through the Department for Education (DfE) Advisor and Ofsted.

Governance Arrangements with External Bodies

1. Parks, charities and trusts

A Parks Governance Review is currently being undertaken by a Council senior solicitor, this is expected to report and conclude by 31/3/23.

The specific partnership between the Council and the Parks Foundation has been comprehensively reviewed. External legal advice has been sought resulting in various partnership documentation being amended, such as the Memorandum of Understanding. Additionally, some previously undocumented processes, such as decision making processes on individual projects, have been drafted and now need formally approving and adopting.

2. Partnerships – draft documentation, including definitions, guidance, templates and registers have all been produced, with agreement, adoption and roll out by the action plan agreed 31/3/2023.

There was no agreed formal action plan in response to the 'Delay in the completion of the 2020/21 external audit' as the matters were outside the direct influence of BCP Council to resolve. Whilst the External Auditor has published the Annual Report for 2020/21, the formal sign off of the Statement of Accounts has not yet taken place as there remain issues associated with the accounting treatment of infrastructure (national issue) and the audit opinion of the Dorset Pension fund auditors.

The wording in the AGS has been slightly amended to take account of this latter pension fund issue.

The updated Financial Management Code self-assessment reported in July 2022 concluded that BCP Council was compliant with the Code. Some opportunities for further improvement were identified and actions are in progress and will be concluded at various points during 2023.

The AGS is required to cover the year ending 31st March 2022 but also "...to the date of the publication of the Statement of Accounts". As the publication of Statement of Accounts has been delayed, the report also considered whether any additional significant governance issues have arisen which require inclusion in the 2021/22 AGS.

Two issues have been considered and explanations are provided within the report which will mean the AGS 2021/22 will remain unchanged from when it was reported to this Committee on 28 July 2022:

- Public Inspection period feedback
- Financial sustainability

10. Assurance Framework & Internal Audit Planning Consultation 2023/24	145 - 154
<p>To aid compliance with the Public Sector Internal Audit Standards and to ensure early consultation with the Audit & Governance Committee, this report outlines the BCP Assurance Framework and the proposed approach for the 2023/24 Internal Audit Plan.</p> <p>The Assurance Framework has been updated in line with the best practice 'Three Line' model which explains how key organisational roles work together to facilitate, and provide assurance upon, strong governance and risk management. Sixteen key assurance functions have been identified (such as Risk Management and Information Governance). For each of these, it shows the 'first line' (those with management responsibility for implementing risk management and governance processes), the 'second line' (corporate and management oversight, including advice, expertise and compliance), and the 'third line', Internal Audit. It also shows where some external assurance sources exist. The Assurance Framework is also used to help develop the Internal Audit Plan.</p> <p>The proposed 2023/24 Internal Audit Plan approach shows the amount of resource to provide core audit work (including high risk, key assurance and key financial audits) and fraud work and subject to budget approval will remain materially the same as 2022/23. This resource is considered sufficient resource to be able to deliver the Chief Internal Auditor's Annual Opinion. There will be a minor decrease in overall level of resource, mainly due to the reduction in use of agency staff, and some minor variances in resource allocation, for example, to support the Council's equality work.</p>	
11. Internal Audit - Quarterly Audit Plan Update	155 - 162
<p>This report details progress made on delivery of the 2022/23 Audit Plan for the period October to December (inclusive) 2022. The report highlights that:</p> <ul style="list-style-type: none"> • Eleven audit assignments have been completed, ten 'Reasonable' audit opinions and one 'Partial' audit opinion; • Twenty two audit assignments are in progress; • Implementation of audit recommendations is satisfactory and none have required escalation to Audit & Governance Committee. <p>Through careful management of resource on the high risk areas in the Audit Plan the Chief Internal Auditor is still expecting to provide the annual overall opinion on the internal control environment.</p>	
12. Forward Plan - Refresh	163 - 166
<p>This report sets out the reports to be considered by the Audit & Governance Committee for the 2022/23 municipal year in order to enable it to fulfil its terms of reference.</p>	

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.