

Notice of Audit and Governance Committee



Date: Thursday, 3 February 2022 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 Butt
Cllr M Cox

Cllr L Fear
Cllr A Filer
Cllr M Phipps

Cllr Dr F Rice

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=5253>

If you would like any further information on the items to be considered at the meeting please contact: 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

26 January 2022



Available online and
on the Mod.gov app



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 13 January 2022.

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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 27 January 2022

The deadline for the submission of a statement is 12.00 noon, 02 February 2022.

The deadline for the submission of a petition was 19 January 2022..

6. Additional Restriction Grant ('ARG')

To receive a presentation by officers about governance arrangements and operational systems in place.

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 13 January 2022 at 6.00 pm

Present:-

Cllr J Beesley – Chairman

Cllr L Williams – Vice-Chairman

Present: Cllr M F Brooke, Cllr D Butt, Cllr L Fear, Cllr M Phipps and
Cllr Dr F Rice

61. Apologies

Apologies for absence were received from Councillors Cox and Filer.

Councillor Cox had submitted his apologies for absence on the basis that he was unable to attend the meeting in person although the Chairman, in exercise of his discretion, allowed Councillor Cox to address the meeting remotely.

62. Substitute Members

Formal notification had been received appointing Councillor Brown as substitute for Councillor Cox and appointing Councillor Dion as substitute for Councillor Filer.

63. Declarations of Interests

There were no declarations of interest.

64. Confirmation of Minutes

RESOLVED that the Minutes of the meetings of the Committee held on 01 and on 02 December 2021 be confirmed as a correct record.

65. Public Issues

The Committee was advised of the receipt of one Public Question and the question and response as set out below were provided to the Committee on behalf of the Monitoring Officer.

Question

Following my notifying emails commencing **25.7.21** - including **30.9.21** copied to CEO, Monitoring (MO) & Section 151 Officers & Leader - when will the Council resolve the following by:

1. Complying with the **Local Authorities (Members Allowances) (England) Regulations 2003** by publishing in the **correct format and on the Council's direct search website portals** the details of Allowances

paid to each Member for **2019/20** and **2020/21**. The Council explains the cause of delay as a broken website "link".

2. Complying with the **Local Government and Housing Act 1989** and issuing the MO's obligatory explanatory report to **all** Members on this **and** other similar contraventions.

Philip Gatrell 5.1.22

Response

Mr Gatrell. Thank you for your question.

The Local Authorities (Members' Allowances) (England) Regulations 2003 require the Council to publish the total sum paid to each recipient under the Scheme of Members' Allowances in respect of the basic, special responsibility, dependents' carers, travelling and subsistence and co-optees' allowances.

BCP Council publishes these notices on its web site on the Councillors web page. The current notices published on the site are for 2019/20 and 2020/21. The notice for 2021/22 will be published on the same web page as soon as practicably possible after the financial year end.

Following the receipt of the question from Mr Gatrell, officers identified a broken link on the Council's main web site. This was clearly unhelpful for users, however, the notices continued to be available from the Councillors web page and were readily available on the website and at all times satisfied the requirements of the Regulations.

I would like to thank Mr Gatrell for drawing our attention to the broken link which was resolved on Friday 7 January. The link from the Council's main web site now directs visitors to the page containing the allowances notices.

66. External Auditor – Audit Progress 2020/21 & Sector Update

The External Auditor, Grant Thornton, 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 report provided an update for the Committee on progress to date in delivering Grant Thornton's audit responsibilities and stated that the proposed target completion date for their fieldwork was 30 November 2021 with the aim of providing their opinion on the financial statements by the end of December 2021. It was, however, reported that a number of matters had arisen as part of the complex audit that had resulted in delay to the timetable. The reasons for the delay were set out in the report with a revised date for the sign-off of the financial statements set for February 2022. The Auditors confirmed that the delay was the result of matters which were entirely outside of the control of the Audit and Governance Committee.

Although good progress was reported to have been made, the areas of outstanding work for the External Auditor were Valuation of property and plant, Journals and Payroll and Income. The result of the external audit of the Pension Fund was also awaited. There were specific questions from the Committee about each of these audit areas and, in response to questions, reassurances were provided that the audit had not identified fraud or malpractice.

The expectation was that the completed audit would be presented to the meeting of the Committee on 17 March 2022. Grant Thornton undertook to inform the Chairman of the Committee if it became apparent that there was likely to be any further delay in order that the Chairman could keep the wider membership of the Committee informed and updated about progress.

The Committee also received the regular summary of emerging national issues and developments that may be relevant to the Council and were advised that the Financial Reporting Council (FRC) had published its annual report on 29 October 2021 setting out the findings of its review of the work of local auditors. The External Auditor brought to the attention of the Committee the FRC's description of Grant Thornton's improvement in audit quality which FRC described as an 'encouraging response by the firm to the quality findings reported in the prior year'.

RESOLVED that the Audit and Governance Committee notes the External Auditor's progress to date in delivering their responsibilities and the sector update provided.

Voting: Unanimous

67. Treasury Management Monitoring report for the period April to December 2021 and Treasury Management Strategy 2022/23

The Acting Assistant Chief Financial Officer 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 was aware of the requirement under the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice that regular monitoring of the Treasury Management function was reported to elected Members.

The report set out performance within the context of the current economic environment and a tabulation of interest rate projection suggesting an expectation that interest rates could start to increase from June 2022.

The report set out the monitoring of the Council's Treasury Management function for the period for the period 1 April 2021 to 31 December 2021 and a surplus of £619k was expected to be achieved through lower borrowing costs due to historically low interest rates and higher interest earned on investments.

Council borrowings and Council investments, both as at 31 December 2021, were set out for the Committee together with the applicable interest rate in each case.

The Treasury Management Strategy 2022/23 was included as an appendix and some key changes to the strategy were set out in the report as well as inclusion of analysis of the approach to finance more of the Council's capital programme through borrowing.

The report also included suggestions for modification of the Council's accounting policy surrounding capitalisation of interest during the construction of major capital projects. In response to questions, there was reassurance that this was a practice adopted by other Local Authorities and that the proposed capitalisation of interest would only apply during the period of construction. It was agreed to circulate an explanatory note to the members of the Committee to further clarify the implications of what was proposed.

The Chairman advised the Committee that a Treasury Management Training Session was programmed for the Committee during the Summer with the aim of building still further on Members' understanding of these important investment matters and ensuring that all Members of the Committee possessed the same level of understanding. It was also agreed that in future reports to the Committee any areas of proposed change would be clearly highlighted to enable comparison with existing provisions. It was confirmed that the Treasury Management Strategy, with any proposed amendments, would go forward to Council as part of the Budget report for final agreement.

RESOLVED that the Audit and Governance Committee

- (a) notes the reported activity of the Treasury Management function for the period ending 31 December 2021;**

(Voting : Unanimous)

- (b) approves the Treasury Management Strategy 2022/23 & Treasury Management Policy, Practices and Schedules included in Appendix 1 and 2 of the report;**

(Voting : Unanimous)

- (c) notes the current position on debt levels of the council as set out in Appendix 3 of the report;**

(Voting : Unanimous)

- (d) endorses the recommendation of the Section 151 Officer to amend the accounting policy surrounding capitalisation of interest as set out in paragraph 29-31 of the report.**

(Voting : For 5; Against 4; Abstention 0)

68. 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 'C' to these Minutes in the Minute Book.

The report provided an update for the Committee on the Council's Corporate Risk Register and included a summary of the changes to Corporate Risk during the third Quarter period of 2021/22. It was noted that the particular impact of the pandemic was now reflected within each individual risk rather than being shown as an overarching risk.

It was reported that, following discussion at a previous meeting of the Committee, two risks had been added to the Corporate Risk Register during the Quarter, namely, 'Failure in customer interface' (Corporate Risk 24) and 'Failure to determine planning applications within statutory timescales or within agreed extensions of time' (Corporate Risk 19). It was also noted that Corporate Risk CR17 'Risk to Reputation of Place and Council if summer arrangements are not managed' had been removed from the Corporate Register and re-established as a service level risk.

In relation to Corporate Risk 24, the Committee heard from the Director of Customer and Business Delivery about measures in place to address immediate concerns as well as the implications for longer term improvement offered through the BCP Council transformation programme. In respect of Corporate Risk 19, the Head of Planning also outlined steps being taken and outlined the work of the Planning Improvement Board which was co-ordinating improvement going forward.

Members welcomed the addition of the two new risks as described which reflected the concerns of the Committee and the frustrations of customers and which would need to come back to the Committee for further detailed discussion as part of the next Quarterly update. Members emphasized the importance that they placed upon there being an effective infrastructure in place to handle customer contact in the most effective manner. Individual members of the Committee referred to individual examples and specific experiences within areas of customer services where there was potential for improvement.

The Chairman of the Committee explained the proposal to add 'Climate Change Delivery Strategy' to the Corporate Risk Register (as Corporate Risk 20) and there was agreement that this new risk should be added to the register to enable the Council to monitor progress in this critical area.

The Risk and Insurance Manager responded to questions about implementation of the Risk Management Framework for BCP Council and emphasized the importance of ensuring that the framework achieved the right fit with the current impending changes in the Organisation. Though this presented challenges, good progress was reported and a draft version of the framework, including an accessible format for Members, would be presented to the Committee as soon as possible. The framework would

also continue to underline the importance of taking a strategic approach to risk management.

In the meantime, reassurances were given about the continuous “horizon scanning” being undertaken to identify issues that might give rise to risk. Any matters identified were raised at the relevant Corporate and Service Director level for possible inclusion in either the Corporate or service level risk registers and the process of service level registers enabled appropriate approaches to be developed at an early stage to address identified risk.

RESOLVED that the Audit and Governance Committee notes the update provided in this report relating to corporate risks.

Voting: Unanimous

69. Annual Governance Statement 2020/21 - Action Plan Update

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 provided an update against the Annual Governance Statement (AGS) Action Plan which identified actions to be taken to address the significant governance issues in the 2020/21 AGS. There was particular focus on ‘Governance of Children’s Social Services’ and on ‘Governance Arrangements with External Bodies’. In each case, progress since last year was set out although the items were anticipated to continue to feature in the AGS going forward.

In relation to Children’s Social Services, it was reported that a 15-point action plan was being delivered in the context of a robust governance structure and significant improvements were being made with all services showing improvement, albeit with different rates of progress. The outcome of the recently completed Ofsted inspection was expected in February 2022, when the report would be published and the improvement plan adjusted in line with findings of the Inspection.

The Committee was reminded that two reports on Governance Arrangements with External Bodies had been submitted to the Committee and recommendations made. A consequent Internal Audit Review of governance arrangements in BCP parks and open spaces trusts had resulted in a partial audit option, identifying weaknesses in the control framework.

Progress to develop a corporate partnership register and draft guidance, was underway but slower than anticipated and was now due to be completed by March 2022. Progress to ensure full compliance with the Financial Management Code from 2021/22 was also reported to be underway and the Council’s Finance transformation programme, along with other measures, was expected to deliver improvements, savings and efficiencies.

RESOLVED that the Audit and Governance Committee notes the progress made to address the significant governance issues on the BCP Council AGS Action Plan 2020/21 and the actions required to ensure full compliance with the Financial Management Code.

Voting: Unanimous

70. Assurance Framework & Internal Audit Planning Consultation

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 'E' to these Minutes in the Minute Book.

The report set out the BCP Assurance Framework which identified the different sources of assurance received across the Council. An additional key assurance area, Sustainable Environment, had been added to the Assurance Framework. Members were reminded that the consultation at this stage was on the higher level approach and the final version of a more detailed Internal Audit Plan for 2022-23 would be presented to the meeting of the Committee in April for final adoption.

Following the Public Sector Internal Audit Standards ('PSIAS') assessment this year, the audit planning process had been enhanced to ensure that links to corporate priorities and risks and to issues of sustainability were clearly articulated. The Committee was also provided with details of the proposed high level allocation of Internal Audit resource. The draft presented to the Committee also included a comparison between the Audit Plan days proposed for 2022/23 and the allocation in the 2021/22 Audit Plan.

It was explained that the proposed approach assumed an allocation of resources to the Internal Audit that was at the same level as presently the case. In response to questions, the Head of Audit and Management Assurance provided reassurance that, if resources were maintained, they would enable the level of assurance required to be provided at the level expected.

RESOLVED that the Audit and Governance Committee

(a) agrees the BCP Council Assurance Framework;

(b) notes the proposed draft 2022/23 Internal Audit Plan high level allocation of resource and delivery approach and provides any comments or specific feedback on the approach to the Chairman of the Audit and Governance Committee for onward communication to the Head of Audit and Management Assurance.

Voting: Unanimous

71. Internal Audit - Quarterly Audit Plan Update

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 'F' to these Minutes in the Minute Book.

The report detailed progress made on delivery of the 2021/22 Audit Plan for the period October to December (inclusive) 2021. It was reported that fifteen audit assignments have been completed including thirteen 'Reasonable', one 'Partial' and one 'Consultancy' audit opinions. In addition, twenty-six audit assignments were in progress and implementation of audit recommendations were reported to be satisfactory. It was noted that at its meeting in February 2022 the Committee would be receiving a presentation on the subject of Additional Restriction Grant and that this was in addition to the Discretionary Grants audit included in the list of completed audits.

The 'Partial' assurance had been issued in respect of the 'Environment – Parks Partnerships Governance' audit and ten recommendations (five high and six medium) had been made and were set out in more detail for the Committee. It was reported that recommendations to address the issues had all been agreed with management and that in some areas implementation was in progress.

Further progress to address the recommendations and suggestions made in the Public Sector Internal Audit Standards external assessment has been made resulting in one recommendation and three suggestions being implemented.

RESOLVED that Audit and Governance Committee notes progress made and issues arising on the delivery of the 2021/22 Internal Audit Plan.

Voting: Unanimous

72. Forward Plan (refresh)

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 'F' to these Minutes in the Minute Book. The Plan set out the reports to be considered by the Audit and Governance Committee for the 2021/22 municipal year in order to enable it to fulfil its terms of reference.

An additional meeting of the Committee on 3 February 2022 would receive a presentation on the Additional Restriction Grant where Officers from the relevant service would present information about governance arrangements and operational systems in place. The scheduled meeting on 17 March 2022 would receive a presentation on the subject of Tendering and Use of Consultants.

It was agreed that a presentation around the governance arrangements for 'Future Places' should be incorporated into the Forward Plan and supplemented by an 'All Members' briefing.

The request made at the Council meeting on 11 January 2022 for further consideration of the Constitutional issues around the Council's Overview and Scrutiny process and function would also need to be built into the Forward Plan although it was recognised that this would need to be a review with a significant council-wide input and not solely something to be undertaken by the Audit and Governance Committee. The target for enactment of any changes was in time for the new Municipal Year commencing in May 2022. Further guidance on this subject would therefore be awaited before a programme of work was developed.

Finally, the Chairman reminded the Committee that he was canvassing Members for specific issues for consideration by the Constitution Review Working Group which would shortly resume its work with a view to making any final Constitution review recommendations to the Council meeting in November 2022.

RESOLVED that, subject as above, the Audit and Governance Committee approves the forward plan set out at Appendix A of the report.

Voting: Unanimous

The meeting ended at 8.35 pm

CHAIRMAN

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