

Notice of Audit and Governance Committee



Date: Thursday, 27 July 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 M Andrews
Cllr B Castle
Cllr A Chapmanlaw

Cllr E Connolly
Cllr R Herrett
Cllr M Phipps

Cllr J Salmon
Cllr C Weight

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=5591>

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

19 July 2023

**DEBATE
NOT HATE**



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. **Election of Chair**

To elect a Chair of the Audit and Governance Committee for the 2023/24 municipal year.

4. **Election of Vice-Chair**

To elect a Vice-Chair of the Audit and Governance Committee for the 2023/24 municipal year.

5. **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.

6. **Confirmation of Minutes**

To confirm and sign as a correct record the minutes of the Meeting held on 09 March 2023.

9 - 18

7. **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/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.

8. Treasury Management Monitoring Outturn 2022/23 and update for Quarter 1 2023/24

19 - 34

This report sets out the monitoring of the Council's Treasury Management function for the period 1 April 2022 to 31 March 2023.

A surplus of £1.9m has been achieved through a reduced need to carry out temporary borrowing due to high cash balances as well as increasing interest rates earned on the Council's investments.

In addition, the report also sets out the Quarter One performance for 2023/24 which forecasts an underspend of £665k due to the increase in interest rates.

Further to the standard update the report seeks approval to decrease our borrowing headroom.

9. Risk Management – Corporate Risk Register Update

35 - 68

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

- CR4 – Loss or disruption to IT Systems and Networks from cyber attack – The title of this risk has been updated.
- CR8 - Inability to run an election/referendum was removed during the quarter.
- CR11 – Ability of the council to function and operate efficiently in the delivery of single services across the area of BCP was removed during the quarter.
- CR14 – Continuity of Public Health arrangements for health protection – The title of this risk was updated and the content of this risk is currently under review.
- CR15 – Effective People Strategy – This risk has been reviewed and the net risk score updated.

Material updates to the risks are summarised at section 8.

10. Appointment of Independent co-opted members to Audit & Governance (A&G) Committee

69 - 76

Although not a legislative requirement, best practice and a '2022 position statement' by the Chartered Institute of Public Finance & Accountancy (CIPFA) endorsed by the Department for Levelling Up, Housing and Communities recommend that audit committees in local government should include at least two co-opted independent members.

Informal discussions, including at a recent BCP Council Audit & Governance Committee induction event, has shown there is widespread agreement that the principle of co-opted independent members is supported.

There are a number of local decisions required to enable suitable recruitment, through open advertisement, to the BCP Council Audit & Governance Committee.

The recommendations in this report will help shape that recruitment process, with an aim to have two co-opted members in place later in this

calendar year.

11. Internal Audit - 1st Quarter, 2023/24, Audit Plan Update

77 - 92

The 2023/24 Internal Audit Plan, including the Core Audit Plan and Anti-Fraud and Corruption Plan, have been developed, including detailed plans for quarter 1 and 2.

There are currently vacancies in the team and recruitment of three apprentices is underway to address this. As a result, the high-level Resource and Allocation Plan presented to Audit & Governance Committee in March 2023 has been revised, resulting in 260 less planned days on Core Audit and Assurance Work for this year only.

This reduction, 16%, presents a significant challenge for the Chief Internal Auditor to provide both sufficient good quality in year assurance and a similarly robust overall year end opinion. Through a range of contributing adjustments and actions, such as risk based prioritisation, flexibility and goodwill of the internal audit team, reasonable use of alternative forms of assurance and other tactics, it is anticipated that these challenges can be managed in the short term.

Progress made on delivery of the 2023/24 Audit Plan for the period April to June 2023 (inclusive) highlights that:

- 5 audit assignments have been completed, of which there were 4 'Reasonable' and 1 'Partial' audit opinions;
- 16 audit assignments are in progress.

11 high priority recommendations have not been implemented by the initially agreed target date and are reported to Audit & Governance Committee as required by the Audit Charter.

Some work undertaken during the quarter related to completion of the 2022/23 Audit Plan, in cases where audits straddled the financial year end of 22/23 and the start of 23/24. The 'Chief Auditor's Annual Report 2022/23' contains the outcome of this work which is being reported separately to this Committee.

12. Annual review of Declarations of Interests, Gifts and Hospitality by Officers for 2022/23

93 - 96

An annual review and update of the Council's Declaration of Interests, Gifts & Hospitality (for officers) Policy took place in February 2023 and the revised policy was approved by Audit & Governance Committee (16 February 2023).

Some changes were made to the Policy including a clearer statement that the Council requires all employees to consider their specific job role, not just their Council employment and personal circumstance when deciding whether to make a declaration. Guidance was added on the Council giving/receiving donations and also clarification made for giving/receiving sponsorship.

Through the completion of recent exercises, Internal Audit are able to provide reasonable assurance that officers have made appropriate

declarations of interests, gifts and hospitality.

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

13. Use of Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Annual Report for 2022/23 financial year

97 - 100

Following an annual review process, the Regulation of Investigatory Power Act (RIPA) and Investigatory Powers Act (IPA) Policy was updated with some minor changes to include reference & links to Home Office Code of Practices for Covert Surveillance and Property interference (Aug 2018), Interception of Communications (Dec 2022) and Covert Human Intelligence Sources (Dec 2022) and other relevant legislation.

BCP Council has not made use of powers under RIPA or IPA during the 2022/23 financial year.

BCP Council has completed and sent its statutory nil-return for the 2022 calendar year to the Investigatory Powers Commissioner's Office (IPCO).

14. Annual Breaches & approved Waivers of Financial Regulations Report for 2022/23

101 - 112

This report sets out the breaches and waivers of Financial Regulations (the Regulations) which have occurred during the 2022/23 financial year.

Whilst no breaches of Financial Regulations is the preferable position, the relatively low number of breaches suggests a good level of understanding of the requirements amongst managers and officers in the majority of service directorates and has resulted in general compliance with the Regulations.

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

The Chief Finance Officer, or formally delegated representatives, have agreed 47 waivers totalling £3.2m.

For 2022/23, the lower number (47) of approved waivers shows a reassuring drop from the exceptional covid19 impacted 2020/21 year (116) and the partially covid impacted 2021/22 year (77). The comparison by £ value is more reassuring again as significantly less Council expenditure is now subject to an approved waiver, this means that a greater proportion of the Council's total expenditure is subject to the full requirements set out in the Council's Financial Regulations.

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.

15. Chief Internal Auditor's Annual Opinion Report 2022/23

113 - 128

It is the opinion of the Chief Internal Auditor that during the 2022/23 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 generally 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;
- 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".

16. Annual Governance Statement (AGS) 2022/23 and Annual Review of the Local Code of Governance

129 - 198

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

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 Council Corporate Management Board identified that the following significant governance issues existed:

- BCP Council Assurance Review
- Dedicated Schools Grant
- BCP FuturePlaces Ltd
- Delay in the completion of the 2021/22 External Audit
- Mandatory Training

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 and Governance Committee in January 2024.

*and as amended by the Accounts and Audit (Amendment) Regulations 2022

The Local Code of Governance has been amended to keep pace with the Council's changing governance arrangements and framework as required. The latest amendments are minor in nature.

17. Appointment of the Constitution Review Working Group	199 - 202
<p>The Audit and Governance Committee is responsible for maintaining an overview of the Council's Constitution and governance arrangements.</p> <p>The use of a Working Group since 2020 has proved to be effective in undertaking an agile approach to reviewing provisions of the constitution and considering matters raised by councillors. The committee is therefore asked to confirm the continuation of the Working Group, consider potential revisions to the terms of reference and approve the membership.</p>	
18. Forward Plan - Refresh for the 2023/24 municipal year	203 - 206
<p>This report sets out the list of reports to be considered by the Audit & Governance Committee for the 2023/24 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.