

Notice of Audit and Governance Committee



Date: Thursday, 11 January 2024 at 6.00 pm

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

Membership:

Chairman:

Cllr M Andrews

Vice Chairman:

Cllr E Connolly

Cllr J Beesley
Cllr B Castle
Cllr A Chapmanlaw

Cllr R Herrett
Cllr M Phipps
Cllr C Weight

Cllr S Armstrong
Lindy Jansen-VanVuuren
Samantha Acton

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=5596>

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

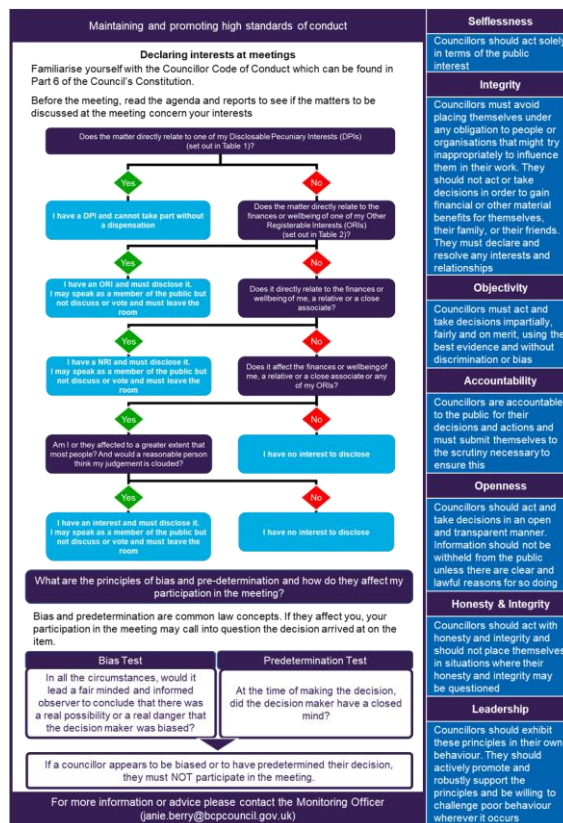
3 January 2024

**DEBATE
NOT HATE**



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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 30 November 2023.

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

The deadline for the submission of public questions is 3 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 Audit - Annual Audit Findings 2021-22 Progress

The Committee is to receive a verbal update, from the external auditor, on the progress of their Annual Audit Findings 2021-22.

Verbal
Report

7.	Treasury Management Monitoring report for the period April to December 2023 and Treasury Management Strategy 2024/25	15 - 54
	<p>This report sets out the monitoring of the Council's Treasury Management function for the period 1 April 2023 to 31 December 2023. A surplus of £650k will be achieved due to the increase in interest rates.</p> <p>The report also recommends changes to the Council current MRP Policy for 2023/24 set out in detail from paragraph 16-32.</p> <p>The Treasury Management Strategy 2024/25 is included as an appendix to this report. Key changes to the strategy have been set out in paragraphs 33-34.</p>	
8.	Council Owned Companies Shareholder Governance Review	55 - 104
	<p>Following a question raised at Council on 7 November 2023, the Leader of the Council has asked the Audit and Governance Committee to consider a report on lessons learnt from a governance perspective following the closure of the Council's Urban Regeneration Company – BCP FuturePlaces Limited.</p> <p>This report sets out the action taken to ensure appropriate and effective governance of Council owned companies including the independent governance review undertaken by DLUHC, a self-assessment review of Council-owned companies undertaken by the Council's internal audit team, and the governance review undertaken by the Interim Chair of BCP FuturePlaces Ltd which considered lessons learnt over the first year of operation.</p> <p>Following the work undertaken above and the subsequent closure of BCP FuturePlaces Ltd, a review of shareholder governance arrangements for all Council-owned companies was undertaken by the Interim Corporate Director for Resources in November 2023.</p> <p>The review recommends changes designed to provide clearer understanding of the respective roles, decision-making arrangements, and improved accountability along with next steps for implementation should these recommendations be approved.</p>	
9.	Risk Management - Corporate Risk Register Update	105 - 158
	<p>This report updates councillors on the position of the council's Corporate Risk Register. The main updates are as follows:</p> <ul style="list-style-type: none"> • CR14 – Continuity of Public Health arrangements for health protection – The risk has been removed from the Corporate Risk Register; • No new risks were added. <p>Material updates for this quarter are outlined in sections 9 to 14.</p>	
10.	Annual Governance Statement 2022/23 – Action Plan and update	159 - 170
	<p>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 2022/23 AGS.</p> <p>Progress against the agreed action plan is as follows:</p>	

BCP Council Assurance Review – robust arrangements to monitor and deliver the action plan are in place.

Dedicated School Grant (DSG) - The Council is part of the Department for Education's Safety Valve programme focused on supporting those authorities with the highest deficits on the High Needs Block of their DSG.

BCP FuturePlaces Ltd - the Council took the decision to close BCP FuturePlaces Limited in September 2023. Lessons learnt concerning the arrangements for managing BCP FuturePlaces form part of a wider review of Council wholly or partly-owned entities. The specific governance issues in relation to BCP FuturePlaces and the actions identified have been superseded.

Delay in the completion of the 2021/22 External Audit - The 2021/22 external audit of the statement of accounts is not yet finalised. The draft Audit Findings report was taken to Audit & Governance Committee in November 2023; the main area of work not concluded was in respect of the Pension Fund due to a delay in receiving a response from the auditor of the Dorset Pension Fund. It is hoped this will be completed in early 2024. The audit of the 2022/23 financial statements is also delayed.

The value for money work for 2021/22 and 2022/23 has been completed.

Mandatory Training – the actions identified have been rolled out and completion rates had increased to 62% as of November 2023.

The update against the issues from the Financial Management Code self-assessment concluded that BCP Council was compliant with the Code. Two issues, 1 and 3 at table 2 below, are now addressed and the implementation of the new finance system will facilitate the full implementation of two further issues, 4 and 5 at table 2. Full implementation of the remaining recommendation, 2 at table 2, is partially contingent on the delivery of the Corporate Landlord Model and is progressing.

The AGS is required to cover the year ending 31st March 2023 but also "...to the date of the publication of the Statement of Accounts". Up to the point of formal publication, which is after the External Auditor has reported the audit opinion, the Council must ask itself if any retrospective significant governance issues have been identified likely to have existed in 2022/23.

Whilst a number of significant governance related reviews have taken place since the original AGS was agreed, no significant new governance issue were identified in these reviews. It is concluded therefore that all significant governance issues were either pre-identified or featured in the BCP Council Assurance Review already included in the AGS.

11. Assurance Framework & Internal Audit Planning Consultation 2024/25

171 - 180

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 2024/25 Internal Audit Plan.

The Assurance Framework (Appendix A) has been updated this year with some minor changes to reflect current organisational structure and governance arrangements.

The proposed 2024/25 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 the original 2023/24 Audit Plan.

There will be an increase in the overall level of resource due to the engagement of three audit apprentices during 2023/24 in place of two auditor posts. The additional resource will enable time to be spent on a council tax single person discounts review project. It should be noted that this coverage is using less skilled/experienced auditors than in previous years and careful management of this resource will be required in the year.

This resource is considered sufficient to be able to deliver the Chief Internal Auditor's Annual Opinion.

12. Internal Audit - 3rd Quarter, 2023/24, Audit Plan Update

181 - 194

This report details progress made on delivery of the 2023/24 Audit Plan for the 3rd quarter - October to December (inclusive) 2023. The report highlights that:

- 17 audit assignments have been finalised, including 3 'Partial', 12 'Reasonable' and 2 'Consultancy' audit opinions;
- 25 audit assignments are in progress, including 2 at draft report stage;
- Total additional council tax yield of £78,654 has resulted, to date, from the Single Person Discount pilot project;
- Training of the three apprentices is going well and recruitment is underway for a replacement Audit Manager;

2 'High' priority audit recommendations have not been fully implemented by the original target date. Explanations from respective Directors appear reasonable and revised target dates have been agreed.

13. Forward Plan - Refresh for the 2023/24 municipal year

195 - 198

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.

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.