

Notice of Audit and Governance Committee

Date: Thursday, 25 July 2024 at 6.00 pm

Venue: HMS Phoebe, BCP Civic Centre, Bournemouth BH2 6DY



Membership:

Chairman:

Cllr M Andrews

Vice Chairman:

Cllr E Connolly

Cllr S Armstrong
Cllr J Beesley
Cllr B Castle

Cllr R Herrett
Cllr M Phipps
Cllr M Tarling

Cllr C Weight

Independent persons:

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?MId=5973>

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

17 July 2024

**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
(janie.berry@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 and sign as a correct record the minutes of the Meeting held on 30 May 2024.

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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.bcpCouncil.gov.uk/ieListMeetings.aspx?CommitteeID=151&Info=1&bcr=1>

The deadline for the submission of public questions is midday on Friday 19 July [midday 3 clear working days before the meeting].

The deadline for the submission of a statement is midday on Wednesday 24 July [midday the working day before the meeting].

The deadline for the submission of a petition is Thursday 11 July [10 working days before the meeting].

6. External Auditor - Auditor's Annual Report 2023/24 (Value for Money arrangements report)

The External Auditor, Grant Thornton for BCP Council, is required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness its use of resources.

Auditors are required to report their commentary under specific criteria, namely financial sustainability, governance and improving economy,

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efficiency and effectiveness. They are required to report on any significant weaknesses they identify.

The External Auditor has produced a 2023/24 Annual Report which has identified the following:

Criteria	2023/24 Auditor judgement on arrangements	
Financial sustainability	R	Two new key recommendations raised in 2023/24 relating to the plan to manage the Dedicated Schools Grant (DSG) deficit and the Council's cash position. One significant weakness from the prior year remains outstanding in respect of medium-term financial plan. Positively, the prior year key recommendation in respect of the control and management of the transformation programme, as well as the delivery of savings and management of costs has been removed. No new improvement recommendations made in 2023/24 but one improvement recommendation from the prior year remains open.
Governance	A	No significant weakness identified. The key recommendation from the prior year has been resolved and closed. We raised one improvement recommendation in 2023/24 and a further two improvement recommendations from the prior year remain outstanding.
Improving economy, efficiency and effectiveness	R	The key recommendation raised in the prior year relating to transformation and BCP Future Places is closed. We raise a new key recommendation on the Council's SEND provision. One key recommendation from the prior year relating to children's services remains open.

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

Three key recommendations were made to address significant weaknesses (two covering financial sustainability and one covering improving economy, efficiency and effectiveness).

A further three improvement recommendations were made, and thirty-one previous recommendations from 2020/21, 2021/22 and 2022/23 were followed up (23 implemented and remaining 8 being addressed). The Council has provided the External Auditor with management responses to all the recommendations.

Grant Thornton anticipate concluding their opinion on the financial statements by the end of October 2024.

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| <p>7. Treasury Management Outturn 2023/24 and Quarter 1 2024/25 Update</p> <p>This report sets out the monitoring of the Council's Treasury Management function for the period 1 April 2023 to 31 March 2024.</p> <p>A surplus of £789k has been achieved through a reduced need to carry out temporary borrowing due to high cash balances as well as increasing interest rates achieved on the Council's investments.</p> <p>The report also sets out the Quarter One performance for 2024/25 which forecasts an overspend of £1.4m due to reduced investment income resulting from reducing cash balances.</p> | <p>25 - 38</p> |
| <p>8. Risk Management - Corporate Risk Register Update</p> <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"> • No new risks were added • No risks were removed <p>Material updates for this quarter are outlined in sections 10 to 14.</p> | <p>39 - 106</p> |

9. Internal Audit - 1st Quarter, 2024/25, Audit Plan Update	107 - 124
<p>This report details progress made on delivery of the 2024/25 Audit Plan for the 1st quarter – April to June (inclusive) 2024. This includes completion of audits from the 2023/24 Audit Plan. The report highlights that:</p> <ul style="list-style-type: none"> • 19 audit assignments have been finalised, including, 1 'Substantial', 9 'Reasonable' 4 'Partial' and 5 'Follow Up' / 'Consultancy' audit opinions; • 26 audit assignments are in progress, including 3 at draft report stage; • Total additional council tax yield of £404,935 has resulted, to date, from the Single Person Discount pilot project; <p>4 'High' priority audit recommendations have not been fully implemented by the original target date, and 4 'Medium' priority recommendations have not been fully implemented. Explanations from respective services have been provided and revised target dates have been agreed.</p>	
10. Annual review of Declarations of Interests, Gifts and Hospitality by Officers for 2023/24	125 - 128
<p>An annual review and update of the Council's Declaration of Interests, Gifts & Hospitality (for officers) Policy took place in March 2024 and the revised policy was approved by Audit & Governance Committee (7 March 2024).</p> <p>Some minor changes were made to the policy as part of the annual evolution including adding the need to confidentially store declarations as part of the responsibilities of Service Directors and the Monitoring Officer. A new In Year Minor Amendments and Editing Log was also added.</p> <p>Internal Audit are able to provide reasonable assurance, through the completion of an annual exercise, that officers have made appropriate declarations of interests, gifts and hospitality.</p> <p>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.</p>	
11. Use of Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Annual Report for 2023/24 financial year	129 - 132
<p>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 a contents page, authorising officer title changes, expanding implications of not following correct procedures and adding a new in year minor amendments and editing log.</p> <p>BCP Council has used powers under IPA once during the 2023/24 financial year to assist with a trading standards investigation.</p> <p>BCP Council has not made use of powers under RIPA during the 2023/24 financial year.</p> <p>The BCP Council statutory return for the 2023 calendar year has been sent to the Investigatory Powers Commissioner's Office (IPCO).</p>	

12. Annual Breaches & approved Waivers of Financial Regulations Report for 2023/24

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This report sets out the breaches and waivers of Financial Regulations (the Regulations) which have occurred during the 2023/24 financial year and highlights the following:

	2023/24		2022/23		2021/22	
	Breaches	Waivers	Breaches	Waivers	Breaches	Waivers
Total (count)	7	35*	11	47	4	77
Total (£)	£15,417,745	£0.7m*	£1,172,738	£3.2m	£1,347,429	£6.3m

* direct comparison to previous years cannot be made due to changes in waiver categories as explained in paragraph 9.

Whilst no breaches of Financial Regulations is the preferable position, the relatively low number of breaches again 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 Director of Finance, or their formally delegated representative, has agreed 35 waivers totalling £0.7m.

For 2023/24, the lower number (35) of approved waivers compared to 2022/23 represents changes in waivers categories (in particular waivers could only be applied for <£25k) but also shows that 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.

13. Chief Internal Auditor's Annual Opinion Report 2023/24

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It is the opinion of the Chief Internal Auditor that during the 2023/24 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".

14. **Annual Governance Statement (AGS) 2023/24 and Annual Review of the Local Code of Governance**

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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**". This reflects the significant steps taken to improve governance following the council being issued with a best value notice.

After considering all the sources of assurance (for governance arrangements), BCP Council Corporate Management Board identified that the following significant governance issues existed:

- Best Value Notice
- Dedicated School Grant and Department for Education Statutory Direction for special educational needs and disability (SEND) services
- Delay in the completion of previous years' External Audit
- Mandatory Training

An action plan to address the 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 2025.

*and as amended by the Accounts and Audit (Amendment) Regulations 2024

Only minor amendments to the Local Code of Governance have been necessary to keep pace with the Council's changing governance arrangements.

15. **Audit & Governance Committee Annual Report 2023/24**

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Good governance is ultimately the responsibility of Council as the governing body of BCP Council.

This report provides assurance as to the way in which the Audit & Governance Committee has discharged its role to support Council in this responsibility. In addition, the report underpins the Annual Governance Statement, which is approved by the committee.

The attached report at Appendix A, Annual Report of the Audit &

Governance Committee 2023/24, demonstrates how the committee has:

- Fulfilled its terms of reference;
- Complied with national guidance relating to audit committees; and

Contributed to strengthening risk management, internal control and governance arrangements in BCP Council.

16. Forward Plan - For the 2024/25 municipal year

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This report sets out the list of reports to be considered by the Audit & Governance Committee for the 2024/25 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.