

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 15 January 2026 at 6.00 pm

Present:-

Cllr E Connolly – Chair

Cllr M Andrews – Vice-Chair

Present: Cllr S Armstrong, Cllr J Beesley, Cllr M Phipps, Cllr M Tarling, Cllr O Walters (In place of Cllr V Slade), Cllr C Weight and Samantha Acton

Present virtually: Lindy Jansen-VanVuuren

Also in attendance: Cllr M cox (virtual) Cllr R Herrett

75. Apologies

Apologies were received from Cllr S Bartlett and Cllr V Slade.

76. Substitute Members

Notification was received that Cllr O Weight was substituting for Cllr V Slade.

77. Declarations of Interests

In relation to Agenda Item 10, Cllr M Tarling declared for transparency that he was a member of Two Riversmeet Leisure Centre.

78. Confirmation of Minutes

The minutes of the meetings held on 27 November and 3 December 2025 were confirmed as an accurate record for the Chair to sign.

Voting: Unanimous

79. Action Sheet

The completed actions on the action sheet were noted. The Chair provided an update on the actions associated with Minute 66, the first being in progress and subject to review after the March meeting, the second now complete following confirmation from the External Auditor. She also

responded to questions on a number of actions and asked that an update on Minute 24 be provided as part of Agenda Item 12 on Risk Management.

80. Public Issues

The following public issues were received:

Public Question from Mr Ian Redman on Agenda Item 7, External Auditor – Audit Progress and Sector update, and Agenda Item 15, Internal Audit Quarterly Audit Plan Update

To assist residents' understanding of the Audit & Governance Committee's assurance framework, I would welcome clarification from the Chair on the respective roles of internal and external audit.

Based on the Public Sector Internal Audit Standards, CIPFA guidance, and the NAO Code of Audit Practice, material previously shared with you, could you clarify whether internal and external audit functions are expected to operate proactively as early-warning mechanisms, or primarily reactively, reporting issues once they have fully crystallised?

In particular, when governance weaknesses, unclear commissioning, or control gaps begin to emerge within a high-risk projects, what is the expectation on each audit function to ensure concerns are escalated promptly to senior management and to this committee, rather than relying on assurances or retrospective reporting?

Response:

Internal Audit in BCP Council work to a risk-based audit plan carefully designed to prioritise scarce resource and to obtain evidence through testing, (in its various forms), to form judgement and make recommendations to mitigate risk and assess the adequacy, effectiveness and efficiency of systems and controls.

This results in both proactive and reactive audit coverage.

For example, testing may identify a weakness or deficiency that may allow something negative to occur, but further testing shows that the negative event has not actually taken place, in this case the audit work is proactive, and implementation of audit recommendations should prevent it ever happening.

Similarly, testing may identify a weakness or deficiency and consequently something negative may have actually occurred, in this case the audit work

is reactive, and implementation of audit recommendations should result in no reoccurrence.

On a very common, every-day basis, Internal Audit in BCP Council will offer advice and support to colleagues within the Council, for example, on general matters of control, governance and interpretation of financial policies. On some rarer occasions Internal Audit in BCP Council will provide formal consultancy advice on a project or a programme and such consultancy work is reported to the A&G Committee as and when it takes place, an example may be the implementation of a major new financial system.

Both Internal and External Audit work to professional standards which require timely reporting. In practice this means that if a matter is identified and determined to be sufficiently significant audit functions would report the matter to senior management and to Audit & Governance committee usually within the existing reporting framework – such as a Quarterly Update Report in the case of Internal Audit or Auditor's Annual Report or Audit Findings Report in the case of External Audit. In exceptional circumstances an ad-hoc report may be produced at any time.

Three Public Statements from Mr Philip Gatrell on Agenda item 6 – External Audit finding report and Statement of Accounts 2024/25

Statement 1:

MATERIAL MISSTATEMENT OF COUNCIL'S NET BANK BALANCES AT 31 MARCH 2025:

BACKGROUND

My preceding Statements to this Committee 27 November 2025 #1 and 16 October 2025 #3 refer.

The draft positive “bank current account” balance of £4,794,000 was in reality a £21,429,220 overdraft comprising three designated accounts:

Payments - Overdrawn £(9,871,692)

Unprocessed Income - Overdrawn £(12,806,424)

Processed Income - Positive £ 1,248,896

Net Overdrawn £(21,429,220)

CAUSE

The misstatement arises from a failure to apply fundamental double entry synchronicity at the 31 March 2025 accounting cut-off; as notified in my preceding related Statements regarding incongruous reciprocal NEGATIVE “cash held” balances.

REMEDIATION

This has been corrected on Accounts finalisation as confirmed by the external auditor although omitted from their “Audit Findings”.

Doubtless the Committee will discuss in depth with Finance Officers as to why this concerning error escaped recognition when publishing the draft Accounts.

Members should also consider how the overdraft compares in future financial sustainability terms with the 2024/25 £100,000 facility.

Statement 2:

BANK FUNDS 31 MARCH 2025: UNRESOLVED CONCERNS

COUNCIL'S PROCESSED INCOME

There is an overall £352,053-96 balance reconciliation discrepancy. Spreadsheet scanning identifies irregular cell entries altering column T's correct total per the column B row 38 cell formulae for £1,246,048-80 “AWAITING BANKING” items £1,422,075-78 and “AWAITING SERVICE REPORT” items £176,026-98.

Those items define not uncleared bank lodgements but DEBTORS at 31 March 2025. By nature additionally indicating potential IRRECOVERABLE amounts.

3 “DEPUTYSHIP” ACCOUNTS £52,618-91

The external auditor has not responded under “Section 26” but I deduce no breach of trust is deemed because available funds are assumed throughout. Contradicted however by Council's year end net NEGATIVE “liquid” resources.

No interest was applied equitably notwithstanding Trustee Act 2000.

26 AUTONOMOUS SCHOOL BANK BALANCES £1,446,930-00 TREATED AS PART OF “CASH” HELD

Council's mandate enables interest sharing. Likelihood of interest received and methodology are unclear.

I have not received corresponding reconciliations. I gather the external auditor verifies these.

Statement 3:

EXTERNAL AUDITOR'S ACTION PLAN PAGES

85:

My 27 November 2025 Statement #2 references "Section 26" questions - which included fixed assets - where the auditor has not responded.

My 16 October 2025 Statement #3 notes vulnerable MOBILE IT EQUIPMENT as a material concern. As corroborated by information regarding not fully integrated general ledger accounting and consequential PHYSICAL ASSETS DIRECTIONAL TESTING limitations.

On 6 November 2025, total cost £5,918,917, there were a recorded 7,021 laptops and tablets and 2,840 phones.

86:

Section 26 electoral "CUSTODIANS OF THE CUSTODIAN" rights are relegated to "Medium" risk. My three 16 October 2025 Statements disagree with deference to law and case precedent. This writer's preceding Statements today demonstrate the safeguarding actuality.

Management's response emphasises Officers' time. Conversely a 2025 FOI FIRST TIER TRIBUNAL DECISION illustrates there were respectively only 3 and 2 Section 26 requesters in two recent years; the responses were overdue - in one instance no response.

My 24 July 2025 Statement #1 refers.

Public Statement from Mr Ian Redman on Agenda item 10 – Two Riversmeet Studios

The Two Riversmeet Studios proposal reflects weaknesses seen in previous council projects such as Future Places and the Durley Chine Environmental Hub, which in hindsight clearly lacked sufficient assessment of risk and evaluation of alternative options.

The appraisal appears limited, with physical expansion treated as the default solution. The report does not provide a rigorous assessment of alternatives, such as using a temporary structure, re-programming existing space, partnership use of nearby facilities, modular or phased expansion, or the use of vacant shop units in the town centre that could support studio activity while contributing to regeneration. These options could help test whether demand genuinely exists without committing to upfront investment. The report also lacks clear best- and worst-case financial scenarios, including consideration of market competition. I ask the Committee to pause this proposal and require a more robust appraisal, as there is no urgency for this decision.

Public Statement from Mr Alex McKinstry on Agenda item 6 – External Audit finding report and Statement of Accounts 2024/25

Re external audit findings, page 86: it may be true that all requests to inspect the 2024-5 accounting records were replied to before the statutory deadline. I should point out however that my own request was answered two days before that deadline, leaving very little time to query or object to the accounts - rights conferred by Sections 26 and 27 of the Local Audit and Accountability Act. This is still a vast improvement however on previous years. Regarding the managerial comment, also page 86, that these requests are time-consuming, I can only say there is no ceiling on the accounting records an elector might inspect, as established in the *Moss* case (2021); and that the ability of local taxpayers to hold their authority to account is a precious democratic right dating back to 1844. Finally, copious thanks to the external auditor for putting this matter under review.

81. External Audit Finding Report and Statement of Accounts 2024/25

Barrie Morris, Katie Whybray and Adams Azubilla, representing Grant Thornton, the Council's External Auditor (EA) and the Assistant Chief Financial Officer (CFO) 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 EA representatives presented a comprehensive summary of each section of the External Audit findings report on the Council's Statement of Accounts 2024/25 (Appendix 1). It was noted that there was nothing significant to bring to the Committee's attention. Although the audit was mainly complete, a final version of the report would be presented after a final review of the financial statements. Although the EA was not yet able to issue an unmodified audit opinion due to a previous year's backstop-related

disclaimed audit opinion, the Council was in a good position in rebuilding assurance going forward. The EA thanked the Assistant CFO and his team for improvements made in supporting the audit process this year.

It was noted that the executive summary of the covering report contained a typographical error in stating ‘anticipates providing an *unqualified* opinion’.

The EA representatives responded to questions and comments on the impact of the disclaimed audit opinion in 2022/23. Members sought assurance on the steps being taken by the EA and the Council to support the local audit reset and recovery plan and asked at what point an unmodified audit opinion could be expected. The EA confirmed the timescales for signing off this year’s audit and explained that for next year the aim was to complete the process in a more timely manner during November. The EA was working with the Ministry of Housing, Communities and Local Government (MHCLG), the Council and the soon to be Local Audit Office on the work required to reach an unmodified position. Although sufficient assurance to reach this position may not be achieved in time for the 2025/26 audit, the Council was better placed than many councils, having only received one disclaimed audit opinion followed by two years of audit assurance. It was noted that the MHCLG had provided some grant funding to the Council to support its work to rebuild assurance. The EA explained in more detail its commitment to local audit recovery and supporting those affected by backstop related disclaimers.

The EA representatives also responded to questions and comments on the valuation of the pension fund liability and the impact of the asset ceiling (IFRIC 14). Members sought assurance on the assumptions made by the Council’s appointed actuary in carrying out the pension fund valuation. The EA confirmed that following a communication error this year the Council was now clear about what it needed to ask the actuary to include in its review. The EA explained the reason for IFRIC 14 - there being a difference between the current value of assets in the pension fund and future liabilities and a need to adjust the asset base to reflect the cost of future liabilities which may come through. The EA confirmed that the actuary’s assumptions were within the identified range and that both the pension valuation and PwC’s assessment were current as of 31 March 2025. The CFO confirmed that the Council did robustly challenge the actuary’s assumptions and that these tended to be prudent. The EA also offered copious assurance that there was nothing to indicate that the final letter of assurance from the Dorset Pension Fund auditors (now also Grant Thornton) would not be received as anticipated.

It was agreed to circulate the finalised Information Technology (IT) findings report with Management response to provide members with further assurance that the issues raised were being addressed.

The Assistant CFO presented a comprehensive summary of the latest revised version of the Statement of Accounts 2024/25 as provided at Appendix 3. He talked members through the Council's balance sheet, which set out the Council's net worth as at 31 March 2025. He drew attention to areas of significance and/or change. He also referred Members to the income and expenditure statement and explained that this should be read in conjunction with the movement and reserve statement which showed the accounting adjustments. It was noted that the adjustments had not impacted on the Council's usable reserves.

The Assistant CFO was asked if there were any particular issues he wanted to highlight. He explained that although the current Administration was taking tangible steps to restore the financial sustainability of the Council, the Dedicated Schools Grant (DSG) deficit continued to have an impact, the significant increase in short-term borrowing this year reflecting the servicing of the deficit. As discussed, this year had also seen the shift from a pension net asset to liability position. The greatest challenge in preparing the financial statements had been the implementation of a new revenue and benefits system part way through the financial year. Having the single system would be better going forward.

The Committee noted that any follow up questions on the report should be submitted preferably through the Chair by no later than early February.

RESOLVED that the Committee:

- (a) Notes the anticipated audit opinion and findings of the Council's external auditor included as Appendix 1 to this report, following the audit of accounts 2024/25;**
- (b) Approves the current draft 2024/25 financial statement included at Appendix 3**
- (c) Approves the signing of the Statement of Responsibilities and the Letter of Representation by the Chair of the Audit & Governance Committee and the S151 Officer once the audit work is complete.**

Voting: Unanimous

Barrie Morris and Katie Whybray, representing Grant Thornton, the Council's External Auditor (EA) 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 report provided an update from the EA on progress to date in delivering its responsibilities, including an overview of the audit work undertaken and the key points of note in relation to the Financial Statements Audits for 2024/25 and 2025/26. The report also provided a summary of emerging national issues and developments that could be relevant to the Council. The EA representatives drew attention to their work on "After the Backstop", which included a local audit reset report available via the link provided in Appendix A and plans to run a webinar on 10 February 2026 for audit committee members. Details of the webinar would be circulated to the Committee by email.

The Chief Financial Officer responded to concerns about the process for setting the Council's 2026/27 budget when the detail of the Government's funding for SEND support was still unclear. He explained that the Council meeting to set the budget had been switched to later in February to allow sufficient time to take into account the details of the Government's announcement which was expected during that month. He advised that although 11 March was technically the latest possible date to set the budget, in practical terms it needed to be agreed before then to allow enough time for all statutory processes to be undertaken.

It was noted that this was Katie Whybray's last committee before moving on to other audit work. Barrie Morris and the Chair on behalf of committee members extended thanks to her for her support.

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: Agreed with no dissent

83. Fire Safety Annual Update

The Fire Safety Service 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 detailed the progress made on the delivery of the Fire Safety governance arrangements for BCP Council. The implementation of the

Governance Framework continued to be embedded and was working effectively. The framework included the Health and Safety and Fire Safety Board and others meeting at the agreed frequency, with generally good attendance. The Fire Safety Service Manager gave an update on the staffing structure and the wide ranging work of the fire safety team following the incorporation of the Council's housing estate through BCP Homes in September 2024. He also referred to the work underway to embed two new British standards affecting fire safety from September 2025 into policies and practices.

The Fire Safety Service Manager responded to questions and comments on engagement with BCP Homes residents. He explained that guidance on what to do in the event of fire was provided in welcome packs for new residents. BCP Homes' annual residents check identified those in need of a person-centred fire risk assessment with appropriate support provided as required. He had attended several residents' panels since his appointment and had found their input invaluable when developing the new housing fire safety policy particularly in ensuring the avoidance of technical jargon. He agreed that future reports could include more 'you said, we did' feedback. Although the main focus was on BCP Homes, the service had also supported colleagues in private sector housing in providing guidance.

Members also asked about workload and resources. Following changes in January 2023, the Council was now responsible for six high rise residential buildings and twelve of medium height. The Fire Safety Service Manager reported that while there had been no significant increase in resource for this change, a planned restructure in September 2024 had strengthened overall service delivery. He confirmed that the team was busy, responding to ongoing changes in the industry and new legislative requirements and future planning for staff retirement. He confirmed that the size of the team was sufficient to fulfil its responsibilities and that there was no financial pressure to reduce numbers. He agreed to provide a follow up response by email to confirm the number of formal meetings held with the Chief Operations Officer since his appointment.

He also reported on other areas of work. He confirmed that the team had provided advice to publicise safe battery disposal and had passed on Dorset and Wiltshire Fire and Rescue Service guidance on battery fires.

Cllr Armstrong in her capacity as a member of BCP Homes Advisory Board drew attention to the most recent quarterly assurance report to the Board and applauded the work of the Fire Safety Service Manager and his team in the 100% delivery of fire risk assessments for all buildings. The

Chair on behalf of the committee thanked the Fire Safety Service Manager and his team for their work.

RESOLVED that:

- (a) Audit and Governance Committee notes the continued progress in implementing the Health and Safety and Fire Safety Governance arrangements and operational updates;**
- (b) Fire Safety ongoing Governance arrangements updates continue to be reported annually to the Audit and Governance Committee.**

Voting: Agreed with no dissent

84. Vehicles and Plant Replacement- Building Maintenance and Construction Works Teams

The Head of Repairs and Maintenance Delivery 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 related to the purchase of vehicles and plant to fulfil service delivery requirements. The Service Head explained that vehicle purchase as opposed to lease or rental would ensure best value for money, and also allowed for vehicles to be fitted out to meet essential health and safety, and operational requirements. She explained in more detail the reasons why the vehicles and plant were required and the rationale for the use of prudential borrowing. It was noted that the recommendations in the report had been approved by Cabinet at its meeting on 14 January 2026.

The Head of Repairs and Maintenance Delivery responded to questions and comments on how the associated risk would be managed. She explained that borrowing repayments were factored into the hourly rate charged. In general fleet management were constantly replacing vehicles, but in this case the extra borrowing was required due to an identified need for additional vehicles. It was noted that ownership rather than hire made organising stock easier and storage more secure. It was confirmed that long term leasing had been considered as an option for specialist/larger plant but the team had successfully purchased second hand equipment and fulfilled the requirements for less than anticipated. Leasing also was not risk free.

Members asked whether the Committee could expect to receive an increase in requests to approve borrowing on a similar scale. If so, they may need to consider work planning and training, to ensure there was

capacity to deal with the number of reports and that the right questions were being asked. The Chief Financial Officer explained that in financing any purchase or asset, borrowing would always be considered as an option as not everything could be financed from capital resources. Borrowing always came with risk. In this case the proposal was deemed better value for money, having considered and accepted the risks. The current Administration had increased governance around borrowing, including a role for the Audit and Governance Committee to seek assurance on the repayment and risk. Members were assured that the Council's level of borrowing was not in the higher range compared to other councils and was considerably lower if the Housing Revenue Account was discounted.

RESOLVED that the Audit and Governance Committee:

- a) Approves the use of prudential borrowing not exceeding £525,000 for 21 vehicles to be purchased by fleet management to support the work of the Building Maintenance and Construction Works Team service. These vehicles to then be managed within the Council's fleet management strategy;**
- b) Notes that CWT plant purchases with up to £46,000 prudential borrowing requirement have been progressed under urgency powers due to health & safety considerations.**

Voting: Unanimous

85. Two Riversmeet Studios

The Portfolio Holder for Destination, Leisure & Commercial Operations 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 detailed the feasibility and financial considerations for capital borrowing to fund a two-storey extension to Two Riversmeet Leisure Centre (2RM) to address the identified need for dedicated studio space in Christchurch. The investment aimed to enhance 2RM's health and fitness offer, respond to growth in the leisure industry, increase membership and income whilst supporting community wellbeing and aligning with the Council's corporate strategy. The Portfolio Holder explained in more detail the reasons for providing these facilities and why this should be on site rather than in a separate location. Cabinet on 14 January 2026 had recommended to Council to agree the recommendations in the report including approval of option 2, subject to planning permission.

The Assistant Chief Financial Officer clarified that the proposal sought to take out borrowing against the Council's set limit rather than exceed it. He advised that the word 'limit' be deleted from recommendation d. of the report. The Committee was asked to consider whether the information provided gave sufficient assurance about the project and the ability to pay back the borrowing in order to recommend to Council that the increase in the authorised borrowing be approved.

The Portfolio Holder and the Head of Leisure and Events responded to questions and comments on the following key lines of inquiry:

What were the risks associated with borrowing?

Risks included not achieving the anticipated membership sales uplift and the income needed to repay the borrowing. This should be balanced against the risks of doing nothing which included losing members by not responding to the demand.

What other options had been considered?

Remodelling/repurposing the existing space and the use of separate location had been looked at but discounted for various reasons including structural constraints, operational challenges and disproportionate costs.

Why was 2RM being taken forward now rather than holistically as part of the forthcoming leisure centres transformation?

The option of including 2RM in the wider review had been considered. However, there was a need for targeted investment in facilities now, a need to apply for planning permission and to avoid ever-rising costs.

Were there other methods of delivery which provide more options and funding streams, such as BH Live or community partnerships?

The Portfolio Holder acknowledged that there were different governance models for leisure centres, these were not risk free either. He commented on the various complexities involved in dealing with BH Live, the difficulties around grant funding as a local authority and the Government's view that leisure centres were commercial operations.

How was the borrowing figure of £1.8million agreed and how was the 18% uplift in membership arrived at when sector growth was 6.1%?

There had been input from the Facilities Management and Project Management teams in the costings and these had been reviewed at every stage with the Finance team. The 6.1% was a national annual growth figure without factoring in any investment. It did not discern between facilities with or without studio space. There was confidence in the 18% figure.

Membership forecasts and income streams had been analysed, noting the importance which members placed on swimming pools and studio space.

Whether all eventualities relating to Planning been considered?

The potential for the planning process to raise additional issues/costs had been factored in. Preplanning advice had been sought and the project steering group would robustly monitor risks and mitigation. Plans would be checked to ensure they were fully compliant with all requirements and it had been noted that there were forthcoming changes in building regulations.

The Portfolio Holder also confirmed that there was a business case for the proposal and that the income was intended to pay the interest.

Some Members were concerned at a lack of information included with the report to provide assurance that there had been a sufficient assessment of options, finance and risk. This did not necessarily mean that there was a lack of support for the proposal in principle, rather that it was at this early stage that the most rigorous scrutiny was required. Members commented on the need for more detail around the robustness of the projected income figures, how the proposal correlated with other leisure centres and whether the proposal was value for money in terms of the cost/benefit of this scheme compared to other projects which may miss out as a result

RESOLVED to defer this item until the Audit and Governance Committee has been presented with more information including the business case, opportunity cost, options appraisal and sensitivity analysis.

Voting: For – 4, Against – 3, Abstain – 1

86. Treasury Management Monitoring report for the period April to December 2025 and Treasury Management Strategy 2026/27

The Assistant Chief Financial Officer (CFO) 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 provided an update on the Quarter Three position for 2025/26 in relation to treasury management activities. It included a summary of the current economic climate, an overview of the estimated performance of the treasury function, an update on the borrowing strategy (short and long term), investments and compliance with prudential indicators. The Quarter Three position forecast a surplus of £1.1 million for the 2025/26 financial year for the reasons given in the report. Table 6 in the report showed the

Dedicated Schools Grant (DSG) deficit increase against the Council's overall debt position and highlighted the need to review the reliance on short term borrowing to reduce the risk.

The report also included the Treasury Management Strategy for 2026/27 with the relevant detailed strategy included as Appendix 1. The Assistant CFO summarised the aims of the Strategy. The Strategy formed part of the report to be presented to the Budget Council on 24 February 2026.

The CFO and Assistant CFO responded to a number of questions in relation to the financing of the DSG deficit. It was noted that the Council could only borrow for capital purposes, not for day-to-day revenue expenditure. The Council's capital financing requirements were set out in the Treasury Management Strategy. There was a lack of clarity from Government on the consequences of borrowing over the specified limit. It was noted that the Government was taking on responsibility for day-to-day operational costs of SEND high needs expenditure with effect from 1 April 2028. It was extremely frustrating that councils were still awaiting further detail on what exactly this responsibility entailed and when this detail would be announced, other than it being 'later' in the local government settlement process.

On the impact of local government reorganisation, the Assistant CFO advised that the Council's borrowing arrangements with other councils and public bodies would transfer on the same terms if any changes occurred.

The Chair thanked officers for the revising the presentation of the report in response to feedback from members.

RESOLVED that the Audit & Governance Committee notes the reported activity of the Treasury Management function for the period ending 31 December 2025.

RECOMMENDED that Council approves the Treasury Management Strategy 2026/27 (Appendix 1)

Voting: Unanimous

87. Risk Management - Corporate Risk Register Update

The Head of Audit and Management Assurance (HAMA) introduced a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'G' to these Minutes in the Minute Book.

The report provided an update on the position of the Council's Corporate Risk Register. It was noted that no new risks had been added and no risks removed or de-escalated during the quarter. Material updates for the quarter were outlined in section 11 of the report.

The Corporate Director for Children's Services was invited to provide an update on Risk CR02. She confirmed that the risk had been reconfigured following a reinspection of Children's Services in 2024 which had improved the service rating from 'inadequate' to 'good'. She explained the background to the statutory direction to improve SEND services which was delivered in 2023 and the steps taken with local area partners to respond to the direction. Following another full inspection of services in November 2025, the outcome report was due to be published on 2 February. Although currently embargoed, the Corporate Director was able to assure the Committee that the tone of the report gave confidence. Once the report was public Risk CR02 would be reviewed and updated.

The Corporate Director responded to questions and comments on how the different elements of the risk were managed within the overarching risk. She confirmed that the action plan was under continual review by the Department for Education (DfE) and the Care Quality Commission (CQC), with the local area partnership undertaking the work required. Challenges included the SEND White Paper and ongoing financial issues. It was suggested that there may be a need to review the due dates for significant actions in CR02 once the inspection report was published.

The Chair referred to an item on the action sheet for her to liaise with the Chair of Children's Services Overview and Scrutiny (O&S) Committee on issues relating to the Corporate Risk Register including the Dedicated Schools Grant (DSG) and Risk CR02. The Corporate Director indicated that this action would hopefully assure the Committee that these risks were being managed and mitigated.

The HAMA referred to the update provided in Appendix 4 of the report which appeared to respond to the outstanding action on the Action Sheet in relation to Risk CR20. He agreed to check with the risk owner that this was the full response and feedback to the Committee. The HAMA also agreed to circulate a response in relation to questions on Risk CR27, specifically whether the cliff management strategy and risk register had now been developed and the target score updated.

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

Voting: Agreed with no dissent

88. Annual Governance Statement 2024/25 Action Plan Update

The Head of Audit and Management Assurance (HAMA) presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'H' 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 three significant governance issues identified in the 2024/25 AGS. Ultimately the aim of the action plan was to resolve the issues to such an extent as to remove them from future AGSs.

The HAMA commented on progress against the action plan as follows:

- The Dedicated School Grant (DSG) deficit remained a significant issue for the Council and other local authorities and would require national as well as local solutions for long term resolution. It was therefore likely to remain on the AGS for 2025/26.
- In response to the Statutory Direction there was a revised SEND and Improvement Plan which was reviewed monthly and reported to the SEND Improvement Boards. The Improvement Plan was due to be updated once the outcome of the Ofsted and Care Quality Commission (CQC) inspection in November 2025 was published next month. Depending on the outcome, the issue may or may not be included in the AGS for 2025/26.
- It may be possible to remove the issue of Mandatory Training from the AGS for 2025/26 but this would require increased impetus from Members and officers between now and the end of March.

With regard to mandatory training, Members noted that the Chair of the Standards Committee was due to provide an update to the next Audit and Governance Committee on 26 February.

RESOLVED that the Audit & Governance Committee note the progress made to address the significant governance issues on the BCP Council Annual Governance Statement Action Plan 2024/25

Voting: Agreed with no dissent

89. Assurance Framework & Internal Audit Planning Consultation

The Deputy Chief Internal Auditor (CIA) presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'I' to these Minutes in the Minute Book.

The report aimed to provide assurance that the work on the BCP Assurance framework and the 2026/27 Internal Audit Plan proposed approach complied with the Global internal Audit Standards (GIAS). Members were reminded that the Committee had recently received a detailed presentation on internal audit planning.

The Deputy CIA highlighted that the Assurance Framework at Appendix A of the report had been updated to include 'Ethics' as a new Key Assurance Function, along with some minor changes to reflect current organisational structure. With regard to forward planning, he explained that Internal Audit was currently consulting with corporate and service directors on areas of risk and that input from committee members into the audit planning process was welcomed.

A Member commented on how useful the table of information was in Appendix A in providing an overview of the assurance framework process. The Deputy CIA was asked if there was sufficient level of resources to deliver assurance requirements and if there was any pressure to reduce staffing as part of the budget process. He confirmed that there were adequate resources to enable the CIA to issue the annual audit opinion and that there was no pressure to cut any resource. The Chair commented on the second line assurance arrangements.

RESOLVED that the Committee:

- (a) Agrees the BCP Assurance Framework**
- (b) Has considered and commented on the proposed 2026/27 Audit Plan approach including high level allocation of resource.**

Voting: Unanimous

90. Internal Audit - Quarterly Audit Plan Update

The Deputy Chief Internal Auditor (CIA) presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'J' to these Minutes in the Minute Book.

This report detailed progress made on delivery of the 2025/26 Audit Plan for the 3rd quarter (October to December 2025 inclusive). In addition to the points highlighted in the executive summary of the report, the Deputy

CIA provided further details of the two ‘partial’ audit opinions, including anticipated timescales for implementation. She also referred to the Better Care Fund audit which had been added to the audit plan this quarter with a ‘high’ internal audit risk score. This was a joint audit with NHS partners and Dorset Council.

As requested by the Committee, the report provided further information about the oldest outstanding recommendations. Since the report’s publication, assurance had been received that the four Housing related recommendations had been implemented. Members were advised that the Risk Management Policy (the oldest outstanding recommendation) was due to come to the Committee on 26 February 2026. The Director of Planning and Transport had provided more detailed explanation for the outstanding recommendations in relation to the Planning Service and it was noted that Internal Audit would revisit these as part of a further audit this quarter. The recommendation in relation to Children’s Services fire safety was progressing, albeit slower than hoped for.

Members agreed that it would appropriate to add the ‘partial’ audit opinion on Out of Borough placements including relevant financial information, to the discussion on joint assurance work involving the Children’s Services Overview and Scrutiny Committee.

RESOLVED that the Committee:

- a) Notes progress made and issues arising on the delivery of the 2025/26 Internal Audit Plan.**
- b) Notes the explanations provided for non-implemented recommendations (Appendix 1).**
- c) Notes that the Single Person Discount project now operates as ‘business as usual’ and that it will no longer be included in this quarterly update as standard.**
- d) Notes the explanations and actions in relation to achievement of the CIPFA tool for managing the risk of fraud and corruption.**

Voting: Agreed with no dissent

91. Appointment to Constitution Review Working Group

The Chair reported that the Committee was required to formally appoint a member to the Constitution Review Working Group to replace Cllr Margaret Phipps who had stepped down last year. It was noted that Cllr Clare Weight had attended the last meeting of the group having expressed an interest in filling the vacancy.

RESOLVED that Cllr Clare Weight be appointed to the membership of the Constitution Review Working Group

Voting: Unanimous

92. Forward Plan (refresh)

The Chair referred to the Committee's forward plan of work for the remainder of the 2025/26 municipal year, a copy of which appears as Appendix 'K' to these Minutes in the Minute Book.

RESOLVED that the Audit & Governance Committee approves the Forward Plan for 2025/26 as set out at Appendix A.

Voting: Agreed with no dissent

The meeting ended at 10.03 pm

CHAIRMAN