

Notice of The Charter Trustees for Poole

Date: Tuesday, 25 June 2024 at 5.00 pm

Venue: HMS Phoebe, Bourneomuth Civic Centre, Bourne Ave, BH2 6DY



Membership:

Mayor:

Cllr P Miles

Deputy Mayor:

Cllr J Clements

Sheriff:

Cllr M Howell

Cllr J Bagwell
Cllr S Aitkenhead
Cllr M Andrews
Cllr J Beesley
Cllr P Broadhead
Cllr D Brown
Cllr R Burton
Cllr J J Butt
Cllr J Challinor
Cllr A Chapmanlaw
Cllr P Cooper

Cllr D d'Orton-Gibson
Cllr M Earl
Cllr M Gillett
Cllr C Goodall
Cllr A Hadley
Cllr E Harman
Cllr B Hitchcock
Cllr M Le Poidevin
Cllr S Mackrow
Cllr R Maidment
Cllr C Matthews

Cllr S Moore
Cllr K Rampton
Cllr Dr F Rice
Cllr P Sidaway
Cllr P Slade
Cllr V Slade
Cllr T Trent
Cllr O Walters
Cllr C Weight
Cllr G Wright

All Members of the The Charter Trustees for Poole 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.bcpccouncil.gov.uk/ieListDocuments.aspx?CId=303&MId=6170&Ver=4>

If you would like any further information on the items to be considered at the meeting please contact: Democratic Services or email democratic.services@bcpccouncil.gov.uk

Press enquiries should be directed to the Press Office: Tel: 01202 454668 or email press.office@bcpccouncil.gov.uk

This notice and all the papers mentioned within it are available at democracy.bcpccouncil.gov.uk

GRAHAM FARRANT
HONORARY CLERK TO THE
CHARTER TRUSTEES

17 June 2024

**DEBATE
NOT HATE**



Available online and on
the Mod.gov app

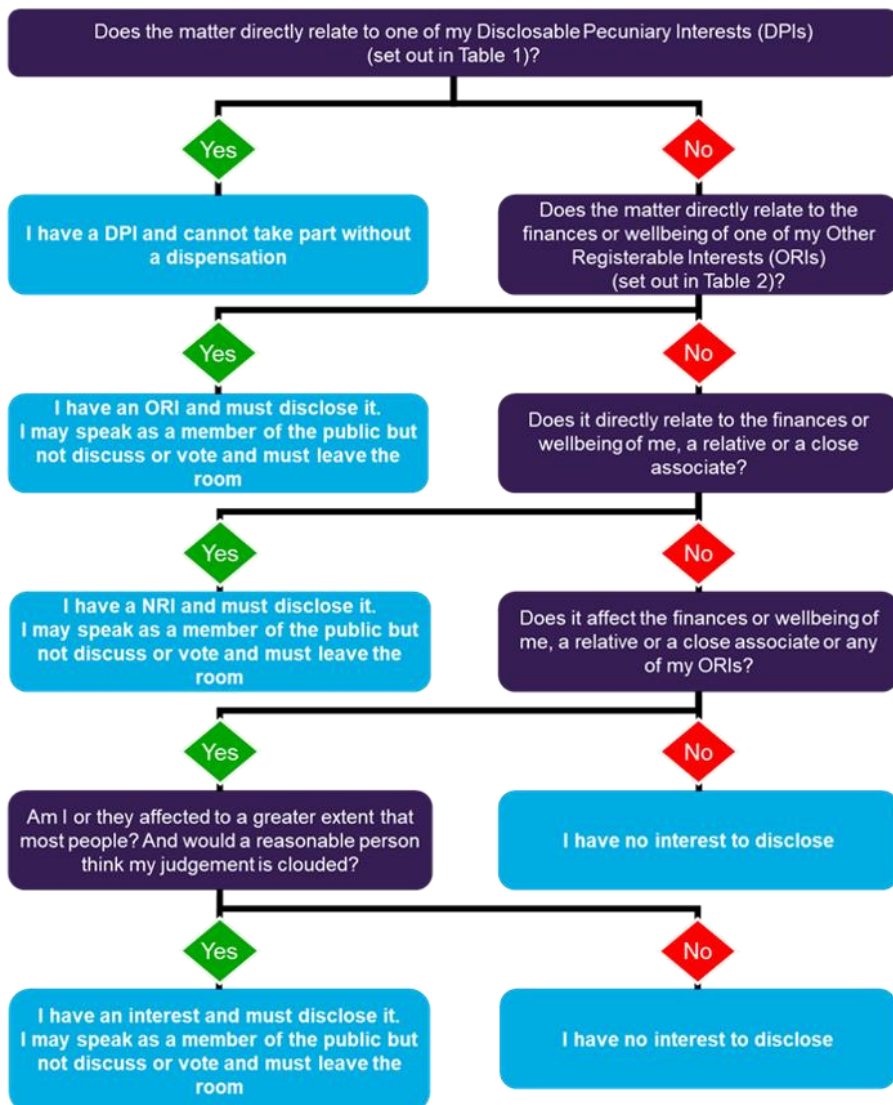


Maintaining and promoting high standards of conduct

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 Charter Trustees.

2. Declarations of Interests

Charter Trustees 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.

Audit Report, Annual Governance Statement & Statement of Accounts for 2023-24:

3. Audit Report 2023-24

5 - 18

The Charter Trustees are asked to consider and approve the outcome of the internal audit report and the management responses to the recommendations.

4. Annual Governance Statement & Statement of Accounts 2023-24

19 - 24

The Charter Trustees are asked to approve the annual governance statement and statement of accounts for 2023-24.

No other items of business can be considered unless the Mayor decides the matter is urgent for reasons that must be specified and recorded in the Minutes.



POOLE CHARTER TRUSTEES 2023/24

Internal Audit

Author: Ellis White, Auditor
Ruth Hodges, Audit Manager (Deputy CIA)

Version: Final

Date: June 2024

Distribution: Richard Jones, Head of Democratic Services
Neil Fraser, Deputy Head of Democratic Services
Matthew Filmer, Responsible Financial Officer
Janie Berry, Director of Law and Governance
Adam Richens, Director of Finance
Graham Farrant, Honorary Clerk to the Charter Trustees
Poole Charter Trustees
Nigel Stannard, Head of Audit & Management Assurance

This report is private and confidential and has been prepared solely for internal use by or on behalf of BCP Council, and must not be disclosed to any third party without the written approval of the Head of Audit & Management Assurance. The Council, its employees, agents and advisors accept no responsibility, liability or duty of care to any third party for any matters, observations or conclusions which are stated or implied in this report.

A. Executive Summary

The control framework is the system of risk management, internal control and governance put in place by management to ensure that objectives are achieved, waste and inefficiency is minimised and to prevent and detect fraud and corruption.

The objectives of the audit were to provide assurance that the control framework is appropriate and that the controls and processes are operating effectively in the Bournemouth Charter Trustees as outlined in the Annual Governance & Accountability Return (AGAR) 2023/24 for the internal control objectives detailed on the following page.

For the avoidance of doubt, reference in this paper to Charter Trustee is to be interpreted as reference to the Charter Trustee body.

Eleven recommendations were made in the 2022/23 audit report, the current status of these recommendations is shown in the table below:

	High	Medium	Low	Total
Implemented	0	2	3	5
Not Implemented	0	4	1	5*
Superseded	0	0	1	1
Total	0	6	5	11

**These recommendations have been reiterated/updated in this report as appropriate.*

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Where weaknesses in the control framework are identified, recommendations have been made for improvement and are detailed in Section B of this report.

We undertake our work on a risk and sample basis in line with Public Sector Internal Audit Standards and as such we do not test all internal controls nor identify all areas of control weakness, fraud or irregularity, however, any issues identified during the course of our work are reported to management.

Audit Opinions:	
Substantial Assurance	Controls were in place for the full financial year and were operating consistently and effectively. There is a sound control framework which is designed to achieve the service objectives, with key controls being consistently applied.
Reasonable Assurance	Controls were in place for the full financial year and were generally operating effectively. Whilst there is basically a sound control framework, there are some weaknesses which may put service objectives at risk.
Partial Assurance	Controls were only operating effectively for part of the financial year. There are weaknesses in the control framework which are putting service objectives at risk.
Minimal Assurance	Controls were not operating during the financial year. The control framework is generally poor as such service objectives are at significant risk.

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AGAR Internal Control Objective	2023/24 Internal Audit Opinion on the operation of the control framework throughout the financial year	2023/24 AGAR opinion	2023/24 recommendations made
Appropriate accounting records have been properly kept throughout the financial year.	Substantial	Yes	None
This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for.	Reasonable	Yes	3 Medium, 1 Low
This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Substantial	Yes	1 Low
The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Reasonable	Yes	1 Medium
Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT appropriately accounted for.	Substantial	Yes	None
Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for	N/A	Not covered	N/A
Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied	Substantial	Yes	None
Asset and investment registers were complete and accurate and properly maintained.	Partial	No	1 High, 1 Low
Periodic bank account reconciliations were properly carried out during the year.	Reasonable	Yes	1 Low
Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	N/A	Not Covered	N/A
If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt.	N/A	Not Covered	N/A
The authority published the required information on a website / webpage up to date at the time of the internal audit in accordance with the relevant legislation	Reasonable	Yes	1 Medium
In the year covered by this AGAR, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.	Substantial	Yes	None
The authority complied with the publication requirements for the 2022/23 AGAR.	Substantial	Yes	None
Trust funds (including charitable) - the Council met its responsibilities as a trustee.	N/A	Not Covered	N/A
Internal Control Objectives outside the AGAR requirements			
Other issues – Consideration of Service Level Agreement			1 Low
Total recommendations			11 Recs (1 High, 5 Medium, 5 Low)

Summary of Findings:	
High Priority	
<u>Asset Verification Check:</u> An asset verification check was not completed for Poole assets (R7)	
Medium Priority	
<u>Value for Money:</u> Financial Regulations does not detail how to evaluate estimates or quotes, additionally the £100 limit to obtain 3 quotes should be reviewed (R2) <u>Selection of Venues and Suppliers:</u> There are no agreed policies/ procedures on how these should be selected and approved (R3) <u>Budget Overspend:</u> Unexpected additional expenses were incurred (R4) <u>Reserves:</u> There are high levels of reserves (R6). <u>Publication Scheme:</u> Not all required items are published (R10).	
Low Priority	
<u>Charter Trustee Remit:</u> The remit of Charter Trustees with regard to new activities is not clear (R1). <u>Risk Registers – Risk Scoring:</u> Risk scoring does not take impact of risk into account (R5) <u>Asset Valuation Schedule:</u> There is no asset valuation schedule in place (R8) <u>Bank Reconciliation:</u> Q4 Bank reconciliation not approved (R9) <u>Service Level Agreement:</u> Not in place (R11).	

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Recommendation Priority Ratings:	
High Priority	<p>High Priority recommendations have actual / potential critical implications for the achievement of the Charter Trustee's objectives and/or a major effect on delivery.</p> <p>Agreed actions should be urgently implemented by the Charter Trustee and the associated risk(s) added to the Charter Trustee Risk Register.</p> <p>Recommendations will be followed-up by Internal Audit as part of the next audit review.</p>
Medium Priority	<p>Medium Priority recommendations have actual / potential significant implications for the achievement of the Charter Trustee's objectives and/or a significant effect on delivery.</p> <p>Agreed actions should be implemented by the Charter Trustee and formal consideration should be given to adding the associated risk(s) to the Charter Trustee Risk Register.</p> <p>Recommendations will be followed-up by Internal Audit as part of the next audit review.</p>
Low Priority	<p>Low Priority recommendations have actual / potential minor implications for achievement of the Charter Trustee's objectives and/or a minor effect on delivery.</p> <p>Recommendations will be followed-up by Internal Audit as part of the next audit review.</p>

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B. Findings & Recommendations

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date	
1.	Appropriate accounting records have been properly kept throughout the financial year					Substantial	
The Charter Trustees use a separate ledger on the BCP Council's financial management system, Dynamics – Finance & Operations. Balances have been rolled forward correctly.							
2.	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for					Reasonable	
R1	<p>Charter Trustee remit</p> <p>Issue:</p> <p>As noted in the 2021/22 and 2022/23 report, the Charter Trustee handbook states that “The Trust ensures the continuation of the civic, historic and ceremonial traditions of the former Borough...”, however it is unclear whether this allows for the Charter Trustees to support any new activities.</p> <p>Although the Charter Trustee Handbook has been updated it does not address the issue on whether Charter Trustees can support new activities.</p> <p>Risk: The Charter Trustees may not be operating within their remit.</p>	<p><i>The previous 2021/22 + 2022/23 recommendation is reiterated:</i></p> <p>The scope of operation of the Charter Trustees should be clarified within the Handbook.</p>	Low	<p>The objective of the Charter Trustees is to maintain the civic, historic and ceremonial traditions of the former Borough. Any new activities would be assessed on a case-by-case basis to ensure they support this objective.</p> <p>Handbooks will be amended to set this point out clearly and will be submitted to Trustees for formal approval.</p>	Neil Fraser	October CT meetings	
R2	<p>Value for money</p> <p>Issue:</p> <p>The Charter Trustee Financial Regulations state that all expenditure above £100 should have three quotes or estimates. However, there is no process detailed for</p>	<p><i>The previous 2021/22 + 2022/23 recommendation is reiterated:</i></p> <p>Financial Regulations should be amended or supplemented to include a process to evaluate quotes or estimates in order to</p>	Medium	<p>We will look to bring forward a paper to the Charter Trustees amending the financial regulations with narrative setting</p>	Matthew Filmer	Sept 2024	

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
	<p>which estimate or quote should be selected to demonstrate best value for money.</p> <p>It was noted in previous audits (2021/22 & 2022/23) that in some cases, 3 quotes or estimates had not been obtained and explanations for this were not documented and agreed at the time.</p> <p>This was still found to be the case during the 2023/24 year, although it is noted that a process has recently been put in place for 2024/25.</p> <p>Risk: The Charter Trustees are not obtaining value for money.</p>	<p>demonstrate that the best value for money is obtained, including the process for approving where quotations are not obtained.</p> <p>Additionally, Charter Trustees should review whether the current £100 limit, to obtain 3 quotes, is appropriate. It may be more proportionate and efficient to have a higher limit where 3 quotes are sought and to have a different best value arrangement for lower level spend.</p>		<p>out how to secure value for money.</p>		
33	<p>Selection of Venues and Suppliers</p> <p>Issue:</p> <p>Custom and practice allows for the Mayor to select where they hold their annual mayor making events. Other than the Financial Regulation requirement to obtain three quotations, there are no agreed policies/procedures on how these should be selected and approved. This includes circumstances where there is a personal or financial interest with the chosen supplier.</p> <p>Risk:</p> <p>The Charter Trustees may not be obtaining value for money. Unable to protect the Charter Trustees and/or the position of Mayor from accusations of wrongdoing.</p>	<p>Procedures to approve the selection of suppliers for mayoral events should be produced and agreed, including:</p> <ul style="list-style-type: none"> - Obtaining value for money - How to manage personal or financial interests - Who is able to approve <p><i>To protect the Charter Trustees from accusations of wrongdoing, in any instance where there are associations with the owners of a venue, a declaration of interest should be made and best value should</i></p>	Medium	<p>The Civic team will ensure that the suggested procedures are drafted and agreed</p>	Neil Fraser	October 2024

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
		<i>be sought through acquiring at least three quotes.</i>				
11 R4	Budget Overspend Issue: The Poole Mayor-Making event was arranged within the allotted budget of £1,500. At the reception unexpected additional expenses were incurred to the value of £742. This was approved for reimbursement after the event as an out of pocket expense. Risk: The Charter Trustees may not be obtaining value for money and budgets may not reflect actual expenditure. Charter Trustee funds are not used for agreed purposes. Taxpayer perceived or actual conflict of interests brings reputational damage to the Charter Trustees and the position of Mayor.	Where budgets have been overspent, this should be shown against the relevant budget for transparency and to inform future budget setting. The Handbook should make it explicit that agreed budgets for events cannot be exceeded without prior approval from the Charter Trustees. The guidance for out of pocket expenses within the Handbook should be reviewed and agreed including obtaining authorisation where possible.	Medium	Budgets are being adhered to and where necessary, increases to budgets are approved in advance. The Civic Working Group will be asked to agree what is considered an 'out of pocket' expense and any the limits of any reimbursement. Handbooks will be amended to set out any updated guidance.	Neil Fraser	CWG meeting 28 June 2024
3.	The Trustee assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these				Substantial	
R5	Risk Registers – Risk Scoring Issue: Charter Trustees currently use a Likelihood x Severity table which to score their risks. The Severity assesses the mitigations in place and as such there is no measure of the impact of the risk occurring (e.g. financial impact).	Charter Trustees may want to consider their risk scoring to matrix to reflect a Likelihood x Impact format to determine the overall severity. e.g. Likelihood 4 x Impact 4 = 16 severity (of risk)	Low	The Audit Team will provide an updated Risk Register template for the Civic Team to consider.	Neil Fraser	

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
	Risk: Risk not appropriately scored and therefore appropriate mitigations not identified.					
4.	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate				Reasonable	
12 R6	Reserves Issue: <u>2021/22 and 2022/23 Internal Audit Report:</u> The Charter Trustees currently have a high level of reserves, significantly higher than the 20% recommended by the Responsible Finance Officer. Meetings have been held to agree a way to manage the reserves. The March 2024 closing reserves figure for Poole Charter Trustees is £136,769. Whilst there have been efforts to reduce reserves during 2022/23 and 2023/24, these remain significantly above the 20% recommended by the Responsible Finance Officer. Risk: The Charter Trustees may be levying a higher precept than required.	<i>The previous 2021/22 + 2022/23 recommendation is reiterated:</i> A reserves strategy, including links to precept, should be put in place to manage reserves whilst staying in line with the purpose and scope of the Charter Trustees.	Medium	Reserves rose substantially through the period of the Covid-19 pandemic, where budgets were agreed for events that subsequently did not take place due to rules governing social gatherings. Since then, the Civic Working Group and the Budget Signatories have met to discuss use of reserves, and in Poole reserves should subsequently reduce significantly through the instigation of a new Grant Funding Scheme, and the holding of a Freedom Event for HMS CATTISTOCK,	Neil Fraser / Matthew Filmer	Ongoing

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
13				<p>all funded from Reserves.</p> <p>Precept for 24/25 was frozen at the previous year's value in light of the substantial reserves.</p> <p>The reduction in reserves held was set out in the budget report determined by Charter Trustees at their meeting in January 2024.</p> <p>Further use of reserves will continue to be explored. This may include future budget requirements for Parish/Town Councils.</p>		
5.	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for				Substantial	
The only income received by the Charter Trustees during 2023/24 has been the annual precept other than miscellaneous refunds/ reimbursements, which has been received by the Charter Trustees.						
6.	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for				N/A	
The Trustees themselves do not have petty cash floats nor do any of the staff appointed by the Council to work on the Trustees. The Council staff have access to payment cards which are included in the expenditure section above.						

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
7.	Salaries to employees and allowances to members were paid in accordance with this authority’s approvals, and PAYE and NI requirements were properly applied				Substantial	
Trustees do not receive allowances for their role on the Charter Trusts. BCP Council’s payroll system is subject to periodic review by Internal Audit.						
8.	Asset and investments registers were complete and accurate and properly maintained				Partial	
R7 14	Asset verification checks Issue: In the January 2023 asset verification check an incomplete list of assets was reviewed, which omitted 22 low value items. A recommendation was made in the 2022/23 audit to include these in the next exercise. However, whilst an asset verification check was arranged for May 2024, this was incomplete at time of report. It is noted that the verification checks for Poole has been rescheduled for June. Risk: Assets may be misappropriated.	<i>The previous 2022/23 recommendation has been superseded as follows:</i> A full asset verification exercise should be carried out on the Poole Charter Trustee Assets as soon as possible. *Alternative options to carry out this exercise may need to be considered	High	To ensure Charter Trustee availability, completion of the Asset Verification has been postponed until after the General Election.	Neil Fraser	July 2024
R8	Asset Valuation Schedule Issue: The last valuation of Poole assets took place in 2019 and there is currently no schedule/ plan in place for this moving forward. Risk: Assets are valued at the incorrect amount which may impact insurance claims.	An appropriate asset valuation schedule should be determined.	Low	The last valuation was carried out post-LGR. The Civic team will seek advice on how often an asset valuation exercise should be carried out. The Responsible Financial Officer will then ensure the cost of such an exercise is included in that	Neil Fraser/ Matt Filmer	End June 2024

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
				year's proposed budget.		
9.	Periodic bank account reconciliations were properly carried out during the year				Reasonable	
R9	Bank Reconciliation Issue: For Poole Charter Trustees the Quarter 4 bank reconciliation has not been approved due to a resignation of the nominated Councillor. Risk: Bank Reconciliation not approved	Arrangement should be put in place for sign off/ approval of Quarter 4 bank reconciliations. Arrangements to cover absence or resignation of key Councillors should be put in place for future.	Low	At the meeting on 17 May 2024, Trustees appointed Cllr John Challinor undertake bank statement verifications. Outstanding verifications have been forwarded to Cllr Challinor for his approval.	Neil Fraser	End June 2024
10.	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded				N/A	
Formal financial statements are only produced at year end, and these are considered by the external auditor as part of their annual audit process. Consideration was given to related issues in section 1, 4 and 9 in this report.						
11.	If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt				N/A	
The Trustees did not certify themselves as exempt from a limited assurance review and therefore is not applicable.						
12.	The authority published the required information website/webpage up to date at the time of the internal audit in accordance with the relevant legislation				Reasonable	
R10	Publication Scheme Issue: Whilst the Charter Trustees are not covered by the transparency code, they are still subject to the requirements of the Freedom of Information Act. This	<i>The previous 2022/23 has been superseded and made as follows:</i> Expenditure over £100 should be published as required.	Medium	An assessment against the Freedom of Information Act as regards Charter Trustees will be carried out alongside	Neil Fraser	Dec 2024, subject to work on community

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
	requires every public authority to have a publication scheme and publish information accordingly. In the 2022/23 audit, it was identified that whilst the Trustees appeared to be largely compliant, gaps were identified, for example, expenditure over £100 and regalia asset list. Following a recent assessment against requirements by the Team, this still remains the case. There were concerns raised regarding the appropriateness of publishing full lists of the civic regalia. Risk: Not complying with the Freedom of Information Act	Appropriate legal advice should be sought on publication of asset lists to ensure compliance with the Freedom of Information Act.		the Council's legal team, and all required documents will be published.		governance review.
13.	In the year covered by this AGAR the authority correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations				Substantial	
The Trustees have notices on the relevant section of the BCP Council website advertising the public's right to inspect the accounts for the 2022/23 accounting statements.						
14.	The authority complied with the publication requirements for the 2022/23 AGAR				Substantial	
All publication requirements have been complied with as published on the relevant parts of the BCP website.						
15.	Trust funds (including charitable) – The council met its responsibilities as a trustee				N/A	
BCP Council is not one of the Charter Trustees but supports the Trusts in several ways.						
16.	Other Issues - Consideration of Service Level Agreement					
R11	Service Level Agreement <u>2021/22 Internal Audit Report:</u> Issue: There is still no Service Level Agreement in place between the Charter Trustees and BCP Council. This recommendation was initially raised in 2020/21 and work to draft Service Level Agreements has been undertaken, but this has not been finalised.	<i>The previous 2021/22 + 2022/23 recommendation is reiterated:</i> Service Level Agreements or equivalents will be put in place between the Council and the Trustees to formally define their relationship and to set out what	Low	Drafting of Service level Agreements for Charter Trustees will be carried out alongside the Council's legal team.	Neil Fraser	Dec 2024, subject to work on community governance review.

Rec No.	Findings	Recommendations	Priority	Management Response	Responsible Officer	Target Date
	<p>Risk: There is no clear separation between the Council and the Charter Trustees.</p> <p>BCP Council Risk: <i>The Council may be subsidising the Charter Trustees.</i></p>	<p>is being provided by the Council.</p>				

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Annual Governance and Accountability Return 2023/24 Form 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but that:
 - are unable to certify themselves as exempt (fee payable); or
 - have requested a limited assurance review (fee payable)

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return 2023/24

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Form 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with *Proper Practices*.
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
 - The **Annual Internal Audit Report** **must** be completed by the authority's internal auditor.
 - **Sections 1 and 2** **must** be completed and approved by the authority.
 - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published on the authority website/webpage **before 1 July 2024**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both) **no later than 30 June 2024**. Reminder letters will incur a charge of £40 +VAT:
 - the Annual Governance and Accountability Return Sections 1 and 2, together with
 - a bank reconciliation as at 31 March 2024
 - an explanation of any significant year on year variances in the accounting statements
 - notification of the commencement date of the period for the exercise of public rights
 - Annual Internal Audit Report 2023/24

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the limited assurance review and is able to give an opinion, the Annual Governance and Accountability **Section 1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Before 1 July 2024 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2023/24**, approved and signed, page 4
- **Section 2 - Accounting Statements 2023/24**, approved and signed, page 5

Not later than 30 September 2024 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 and 2 of AGAR** including any amendments as a result of the limited assurance review. It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

**for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.*

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return (AGAR) 2023/24

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the AGAR is complete (no highlighted boxes left empty) and is properly signed and dated. Any amendments must be approved by the authority and properly initialled.
- The authority **should** receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- Use the checklist provided below to review the AGAR for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2024.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references.
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- You must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chair, and provide relevant authority owned generic email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the AGAR covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the bank reconciliation is incomplete or variances not **fully** explained then additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2023) equals the balance brought forward in the current year (Box 1 of 2024).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights of 30 consecutive working days which **must** include the first ten working days of July.
- The authority **must** publish on the authority website/webpage the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2024**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?		
	Has all additional information requested, including the dates set for the period for the exercise of public rights , been provided for the external auditor?		
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?		
Section 1	For any statement to which the response is 'no', has an explanation been published?		
Section 2	Has the Responsible Financial Officer signed the accounting statements before presentation to the authority for approval?		
	Has the authority's approval of the accounting statements been confirmed by the signature of the Chair of the approval meeting?		
	Has an explanation of significant variations been published where required?		
	Has the bank reconciliation as at 31 March 2024 been reconciled to Box 8?		
	Has an explanation of any difference between Box 7 and Box 8 been provided?		
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? NB: do not send trust accounting statements unless requested.		

***Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices**, can be downloaded from www.nalc.gov.uk or from www.ada.org.uk

Annual Internal Audit Report 2023/24

ENTER NAME OF AUTHORITY

ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2024, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2023/24 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.			
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.			
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.			
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.			
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.			
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.			
H. Asset and investments registers were complete and accurate and properly maintained.			
I. Periodic bank account reconciliations were properly carried out during the year.			
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.			
K. If the authority certified itself as exempt from a limited assurance review in 2022/23, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")</i>			
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.			
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).</i>			
N. The authority has complied with the publication requirements for 2022/23 AGAR <i>(see AGAR Page 1 Guidance Notes).</i>			

O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

DD/MM/YYYY DD/MM/YYYY DD/MM/YYYY

ENTER NAME OF INTERNAL AUDITOR

Signature of person who carried out the internal audit



SIGNATURE REQUIRED

Date

DD/MM/YYYY

***If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).**

****Note:** If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2023/24

We acknowledge as the members of:

ENTER NAME OF AUTHORITY

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2024, that:

	Agreed		
	Yes	No*	'Yes' means that this authority:
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.			<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.			<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.			<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.			<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.			<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.			<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.			<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.			<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>

***Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.**

This Annual Governance Statement was approved at a meeting of the authority on:

DD/MM/YYYY

and recorded as minute reference:

MINUTE REFERENCE

Signed by the Chair and Clerk of the meeting where approval was given:

Chair

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

Section 2 – Accounting Statements 2023/24 for

ENTER NAME OF AUTHORITY

	Year ending		Notes and guidance
	31 March 2023 £	31 March 2024 £	
1. Balances brought forward			<i>Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.</i>
2. (+) Precept or Rates and Levies			<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts			<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs			<i>Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.</i>
5. (-) Loan interest/capital repayments			<i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments			<i>Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward			<i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i>
8. Total value of cash and short term investments			<i>The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.</i>
9. Total fixed assets plus long term investments and assets			<i>The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.</i>
10. Total borrowings			<i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i>

For Local Councils Only	Yes	No	N/A	
11a. Disclosure note re Trust funds (including charitable)				<i>The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.</i>
11b. Disclosure note re Trust funds (including charitable)				<i>The figures in the accounting statements above exclude any Trust transactions.</i>

I certify that for the year ended 31 March 2024 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

SIGNATURE REQUIRED

Date

DD/MM/YYYY

I confirm that these Accounting Statements were approved by this authority on this date:

DD/MM/YYYY

as recorded in minute reference:

MINUTE REFERENCE

Signed by Chair of the meeting where the Accounting Statements were approved

SIGNATURE REQUIRED

Section 3 – External Auditor’s Report and Certificate 2023/24

In respect of

ENTER NAME OF AUTHORITY

1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02 as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/> .

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2024; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor’s limited assurance opinion 2023/24

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

3 External auditor certificate 2023/24

We certify/do not certify* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2024.

*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YYYY