Notice of Audit and Governance Committee

Date: Thursday, 30 July 2026 at 6.00 pm

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

Membership:

Chair:
Cllr E Connolly

Vice Chair:
Cllr M Andrews

Cllr S Bartlett
Cllr J Beesley
Cllr M Phipps
Cllr J Salmon
Cllr V Slade
Cllr M Tarling
Cllr T Trent

Independent persons:

Vacancy
Vacancy

All Members of the Audit and Governance Committee are summoned to attend this meeting to consider the items of business set out on the agenda below.

The press and public are welcome to view the live stream of this meeting at the following link:

https://democracy.bcpcouncil.gov.uk/ieListDocuments.aspx?MId=6493

If you would like any further information on the items to be considered at the meeting please contact: Democratic Services on 01202 096660 or
email democratic.services@bcpcouncil.gov.uk

Press enquiries should be directed to the Press Office: Tel: 01202 118686 or
email press.office@bcpcouncil.gov.uk

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

Available online and on the Mod.gov app

AIDAN DUNN
CHIEF EXECUTIVE

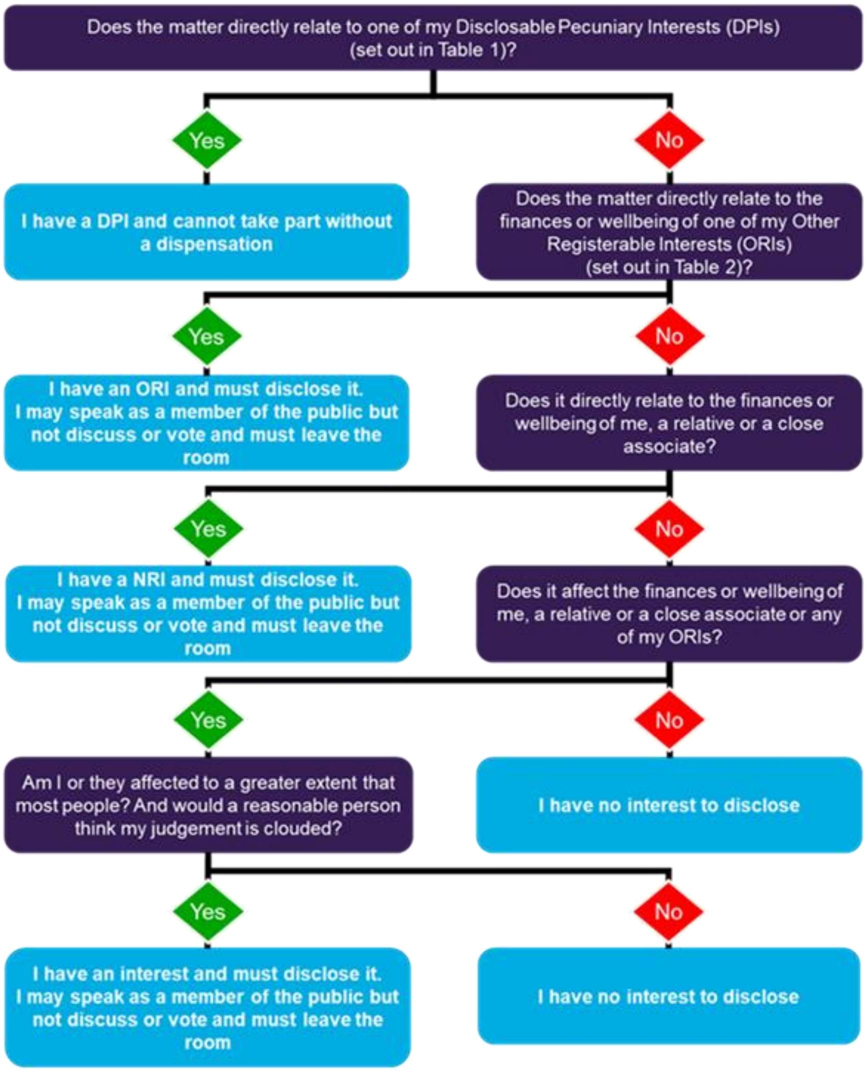
22 July 2026

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	Predetermination 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?	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

Selflessness

Councillors should act solely in terms of the public interest

Integrity

Councillors must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships

Objectivity

Councillors must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias

Accountability

Councillors are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this

Openness

Councillors should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing

Honesty & Integrity

Councillors should act with honesty and integrity and should not place themselves in situations where their honesty and integrity may be questioned

Leadership

Councillors should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs

AGENDA

Items to be considered while the meeting is open to the public

1.	**Apologies** To receive any apologies for absence from Councillors.	
2.	**Substitute Members** To receive information on any changes in the membership of the Committee. Note – When a member of a Committee is unable to attend a meeting of a Committee or Sub-Committee, the relevant Political Group Leader (or their nominated representative) may, by notice to the Monitoring Officer (or their nominated representative) prior to the meeting, appoint a substitute member from within the same Political Group. The contact details on the front of this agenda should be used for notifications.	
3.	**Declarations of Interests** Councillors are requested to declare any interests on items included in this agenda. Please refer to the workflow on the preceding page for guidance. Declarations received will be reported at the meeting.	
4.	**Confirmation of Minutes** To confirm and sign as a correct record the minutes of the meeting held on 28 May 2026. NOTE: The exempt section of these minutes are attached as a restricted document.	9 - 18
a)	**Recommendation and Action Tracker** To consider any outstanding recommendations and actions from previous meetings.	19 - 22
5.	**Public Issues** To receive any public questions, statements or petitions submitted in accordance with the Constitution. Further information on the requirements for submitting these is available to view at the following link:- https://democracy.bcpcouncil.gov.uk/ieListMeetings.aspx?CommitteeID=151&Info=1&bcr=1 The deadline for the submission of public questions is midday on Friday 24 July 2026 [midday 3 clear working days before the meeting]. The deadline for the submission of a statement is midday on Wednesday 29 July [midday the working day before the meeting]. The deadline for the submission of a petition is Thursday 16 July 2026 [10 working days before the meeting].	

ITEMS OF BUSINESS

6. External Auditor – Regaining Assurance Progress Report & Sector Update 23 - 58

Grant Thornton, as the Council's appointed External Auditors, has produced a report (Appendix A) which provides an update to the Audit & Governance Committee on their progress to date in delivering their responsibilities and provides an update on the following key areas of work:

Financial Statements Audit 2025/26

- Presented the audit plan for 2025/26 to the Council's Audit and Governance Committee on 19 March 2026.
- The expectation was that all Local Authorities would publish their unaudited accounts for 2025/26 by 30 June 2026. The Council achieved this ahead of schedule, publishing its accounts on 12 June 2026 and commencing the public inspection period on the 15 June 2026. This represents a significant achievement and demonstrates the Council's commitment to improving the timeliness of its financial reporting.
- Audit fieldwork commenced the same week, and sample selection is already underway. To maintain this positive progress and ensure delivery of the audit by the November deadline, it is important that audit queries receive timely responses and that supporting working papers are of a high quality.

Value for Money Work

- The audit assesses whether the Council has proper arrangements to secure economy, efficiency and effectiveness, as required by the 2020 Code of Audit Practice.
- Work is structured around three areas: financial sustainability, governance, and improving value for money.
- Findings will be reported to the Audit & Governance Committee in the interim Auditor's Annual Report in November.

After the backstop

- Rebuilding assurance across local government accounts remains an ongoing sector-wide challenge.
- The next statutory backstop dates are 31 January 2027 for 2025/26 accounts and 30 November 2027 for 2026/27 accounts.
- The Council and Grant Thornton have agreed to complete the 2025/26 audit by November 2026 to support timely delivery of the 2026/27 audit.

Regaining assurance

- Local audit recovery – Rebuilding assurance remains the priority, with MHCLG requesting assurance capacity assessments by 31 July 2026.
- Previous audits – Audit opinions for 2022/23, 2023/24 and 2024/25 were disclaimed due to the backstop arrangements.
- Grant Thornton's Regaining Assurance Strategy (see Appendix B) sets out a phased approach to rebuilding assurance.

Sector Updates

The report also includes a summary of emerging national issues and developments that may be relevant to the Council.

7. Treasury Management Outturn 25-26 and Q1 26-27 59 - 72

This report sets out the monitoring of the Council's Treasury Management function for the period 1 April 2025 to 31 March 2026.

An underspend of £1.1m was the achieved against budget. The council saw higher than expected cash balances during the year increasing interest receivables from investments. This resulted from borrowing being arranged in advance of needs, at preferential rates, to ensure availability in March. The ability to utilise lower borrowing rates than budgeted also resulted in an underspend on sort term borrowing costs.

The report also sets out the Quarter One performance for 2026/27 which forecasts no variance to budget.

8. Risk Management - Corporate Risk Register Update 73 - 156

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

- CR08 – We may fail to run a fair and open election/referendum. This risk has been removed from the Corporate Risk Register.
- CR24 - We may fail to adequately address concerns around community safety. This risk is now led by the Director of Public Health and Communities.
- A new risk has been nominated around Corporate Health and Safety/Asset Management with the risk owner being the Interim Director of Finance. Corporate Management Board considered this risk should be reflected in the Corporate Risk Register.

Material updates for this quarter are outlined in section 13.

9. Internal Audit - Quarterly Audit Plan Update 157 - 184

This report details progress made on delivery of the first quarter of the 2026/27 Audit Plan plus the last month of the 2025/26 Audit Plan. This report highlights that:

- All audit assignments from 2026/27 have been completed
- 29 audit assignments have been finalised, including four 'Partial' audit opinions;
- 17 audit assignments are in progress;
- Progress against the audit plan is on track and will be materially delivered to support the Chief Internal Auditor's annual audit opinion;

Eight high and three medium priority recommendations have not been fully implemented by the original target date or agreed revised date (as at 30 June). Explanation has been received from the relevant Directors as to why these have not been completed.

10. Annual Review of Declarations of Interests, Gifts & Hospitality by Officers 2025/26 185 - 188

An annual review of the Council's Declaration of Interests, Gifts and Hospitality Policy (for officers) was undertaken in February 2026, and the revised Policy was approved by the Audit & Governance Committee on 26

February 2026. The key changes introduced were:

- Strengthened requirements for declaring other employment, including additional guidance, a formal definition, updates to forms, the flowchart and FAQs.
- Clarified line manager responsibilities for assessing declarations and documenting decisions. Added requirement to submit completed forms to Service Directors.
- Enhanced Service Director oversight, including review of declarations, validation of line manager decisions, communication of outcomes and completion of a dedicated review section.

During 2025/26, awareness of the Declaration of Interests, Gifts and Hospitality Policy was promoted through corporate and targeted communications, induction and mandatory training for new employees, and bespoke training sessions delivered across Council services by the Head of Audit & Management Assurance.

The Head of Audit & Management Assurance considers the Declaration of Interests, Gifts and Hospitality Policy to be fit for purpose, with generally good levels of awareness and compliance across the workforce. This assessment reflects the fact that only a small number of reminders were required by Internal Audit to obtain declarations from newly appointed senior officers.

11. Use of Regulation of Investigatory Powers Act and Investigatory Powers Act Annual Report 2025/26 189 - 192

Following an annual review, the Council's Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Policy was updated with a minor change to include links to associated BCP Council strategies and policies.

BCP Council did not make use of powers under RIPA or IPA during the 2025/26 financial year.

The BCP Council statutory return for the 2025 calendar year has been submitted to the Investigatory Powers Commissioner's Office (IPCO). The next three-yearly IPCO inspection is due in 2027.

The annual review has confirmed that the appropriate governance and oversight and authorisation arrangements remain in place to ensure any future use of investigatory powers would be lawful, necessary and proportionate.

12. Annual Breaches of Financial Regulations and Procurement Decision Records Report 2025/26 193 - 208

This report sets out all breaches of Financial Regulations (the Regulations) and the four circumstances described in Part G, Paragraph 5 (para 5), recorded within Procurement Decision Records (PDRs), where circumstances exist where the expected and normal procurement related activity, requirement or expectation could not be followed for some good reason, during the 2025/26 financial year.

Circumstances described in Financial Regulations paragraph 5 are:

i. Standard competition requirements not followed as they would likely cause harm to health or property.

ii. A particular supplier is required because competition is absent for technical reasons

iii. Payments in advance for goods, services or works

iv. Spot-purchase (i.e. off-contract) when buying against a compliantly procured contract was an option.

An analysis of breaches and PDRs highlights the following:

	2025/26		2024/25		2023/24	
	Breaches	PDRs (para 5)	Breaches	PDRs (para 5)	Breaches	Waivers
Total (count)	19	133	12	28	7	35
Total (£)	£48.3m	£21.2m	£29.2m	£4.2m	£15.4m	£0.7m

Whilst no breaches of Financial Regulations is the preferable position, the relatively low number of breaches suggests a good level of understanding of the requirements among managers and officers across most service directorates, resulting in general compliance with the Regulations.

The breaches were primarily due to a lack of awareness of Financial Regulations, which is being addressed through targeted training and guidance, alongside reminders to managers of their responsibility to ensure staff are properly trained and managed.

Whilst full compliance can never be guaranteed and 'under-reporting' of breaches, in particular, is an inherent possibility, arrangements were in place to detect instances of non-compliance.

There were 382 PDRs approved during 2025/26 totalling approximately £231m and of these 133 were circumstances as described in Financial Regulations Part G Paragraph 5 which require reporting to this committee.

An effective and transparent breaches and PDR governance process maximises the chances of the Council achieving value for money and complying with UK Procurement Legislation (Public Contract Regulations 2015 & Procurement Act 2023).

13. Chief Internal Auditor's Annual Opinion Report 2025/26 209 - 230

It is the opinion of the Chief Internal Auditor that during the 2025/26 financial year:

- arrangements were in place to ensure an adequate and effective framework of governance, risk management and internal controls (internal control environment), and that where weaknesses were identified there were appropriate action plans in place to address them;
- the systems and internal control arrangements were generally effective and that agreed policies and regulations were generally complied with;
- adequate arrangements were in place to deter and detect fraud;
- there was an appropriate and effective risk management framework;
- managers were aware of the importance of maintaining internal controls and accepted recommendations made by Internal Audit to improve controls;
- the Council's Internal Audit service was effective and compliant with regulations and standards as required of a professional internal audit service;

the arrangements, in respect of the Chief Internal Auditor, were consistent with all of the five principles set out in the CIPFA publication "The Role of the Head of Internal Audit in Public Sector Organisations".

14. Annual Report of the Audit & Governance Committee 2025/26 231 - 260

Good governance is ultimately the responsibility of Council as the governing body of BCP Council.
This report provides assurance as to the way in which the Audit & Governance Committee has discharged its role to support Council in this responsibility. In addition, the report underpins the Annual Governance Statement, which is approved by the committee.
The attached report at Appendix A, Annual Report of the Audit & Governance Committee 2025/26, demonstrates how the Committee has:

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

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

15. Annual Governance Statement 2025/26 and Annual Review of Local Code of Governance 261 - 296

The Accounts and Audit Regulations 2015* require councils to produce an Annual Governance Statement (AGS) to accompany its Statement of Accounts.
The AGS concludes that BCP Council "**has effective and fit-for-purpose governance arrangements in place in accordance with the governance framework"**.
After considering all the sources of assurance (for governance arrangements), BCP Council Corporate Management Board identified that the following significant governance issues existed:

- Dedicated School Grant (DSG) and Special Educational Needs and Disability (SEND) Services
- Councillor Mandatory Training
- Council Owned Companies

- Corporate Asset Management

An action plan to address these significant governance issues has been produced and is being implemented. An update against the action plan will be brought to Audit and Governance Committee in January 2027.
*and as amended by the Accounts and Audit (Amendment) Regulations 2024

Only minor amendments to the Local Code of Governance have been necessary to keep pace with the Council's changing governance arrangements. The Council's Assurance Framework has been incorporated to enhance the document.

16. Appointment of Independent Members

The Head of Audit and Management Assurance will provide a verbal update.

17. Forward Plan - For the 2026/27 municipal year 297 - 300

This report sets out the reports to be considered by the Audit & Governance Committee during the 2026/27 municipal year to enable it to fulfil its terms of reference.

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