

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 21 January 2021 at 6.00 pm

Present:-

Cllr J Beesley – Chairman

Cllr L Williams – Vice-Chairman

Present: Cllr M F Brooke, Cllr D Brown, Cllr D Butt, Cllr L Fear, Cllr A Filer,
Cllr M Phipps and Cllr T Trent

53. Apologies

There were no apologies for absence.

54. Substitute Members

There were no substitute members appointed.

55. Declarations of Interests

There were no declarations of Interest.

56. Confirmation of Minutes

The Minutes of the meeting on 26 November 2020 were confirmed as a correct record.

The Committee sent its best wishes to the Strategic Director - Corporate Services wishing a speedy recovery from his current ill-health.

57. Public Issues

There were no public issues.

58. Treasury Management Monitoring report for the period April to December 2020 and Treasury Management Strategy 2021/22

The Finance Manager (Corporate) 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 report set out the monitoring of the Council's Treasury Management function for the period 1 April 2020 to 31 December 2020 set against a summary of the prevailing economic background and an assessment of the impact of changing interest rates. Details of actual performance were set out including a schedule of the Council's borrowing and investments. It was reported that the current prediction was for a net surplus of £159k and it

was explained that this would be achieved through lower borrowing costs as a result of historically low interest rates.

It was confirmed that regular internal and external audit of treasury management activities had confirmed compliance with the Council's Financial Regulations and that a sound control framework was in place with key control systems being consistently applied.

The Treasury Management Strategy for 2021/22 had also been included with the agenda and circulated as an appendix to the report. The key changes proposed to the Strategy were set out including an analysis of the proposed approach to financing more of the capital programme through borrowing. The different sources of short-term and long-term borrowing were explained.

In response to questions, it was confirmed that all Councils were being encouraged to adopt a similar financing approach to the proposal set out in the Strategy. In terms of investments, it was also confirmed that treasury investments, where undertaken, took place through national Banking Institutions

RESOLVED that the Audit and Governance Committee

(a) Note the reported activity of the Treasury Management function for the period ending 31 December 2020;

(b) Approve the Treasury Management Strategy 2021/22 included in Appendix 1 of the report to the Audit and Governance Committee.

Voting: Unanimous

59. Risk management - Corporate Risk Register update

The Risk and Insurance Manager 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 Committee received a report on the current position relating to the BCP Council Corporate Risk Register with the objective of providing assurance about effective risk management. It was confirmed that all risks had been reviewed during the third Quarter of the year and the outcome of that review was set out in the report.

In terms of service development, the report provided information for the Committee about work being undertaken to refresh service level risk registers and, in parallel, 'horizon scanning' continued to take place with a view to identifying new potential risks and to consider necessary action. The report highlighted specific changes in risk and the factors having an influence on risk were set out. Where appropriate Action Plans were in place to address specific risks.

Members were reminded that in October 2020 an updated Risk Register had been established to include within one single register those risks previously identified within a separate COVID-19 register. There was reference to the Committee's Risk Workshop session in April 2020 which had been aimed at identifying COVID-19 related risk in the light of the information that was known and available at that time. There was agreement that after Easter in 2021 would be a good opportunity to revisit these issues through another Member workshop session when detailed assessment of the risks could be undertaken in the light of information available one year on.

RESOLVED that the Audit and Governance Committee note the update provided relating to corporate risks in Quarter 3 of 2020/21.

Voting: Unanimous

60. Assurance Framework & Internal Audit Planning Consultation

The Head of Audit and Management Assurance 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 set out the BCP Council Assurance Framework which identified the different sources of assurance received across the Council with the objective of identifying the key components that enable identification of risk and provide assurance that appropriate controls are in place, are adequately designed and operationally effective.

The report also provided details of the proposed 2021/22 Internal Audit Plan approach together with the proposed high level allocation of resources towards identified audit activity. In addressing particular elements of the Plan, Members emphasised the importance of maintaining the allocation of resources within the 'BCP Transformation and Efficiency' heading and assurance was provided that the 20 additional days this would require could be found within the flexibility of the Plan. The need for flexibility around COVID-19 related audit activity was also highlighted and the opportunity existed to maintain a dynamic approach with the ability to re-prioritise that element of the plan as required.

RESOLVED that the Audit and Governance Committee agree the BCP Council Assurance Framework and note that the adjustments identified within the draft 2021/22 Internal Audit Plan would be incorporated into the final Audit Plan presented to the Committee for approval in April.

Voting: Unanimous

61. Internal Audit - Quarterly Audit Plan Update

The Head of Audit and Management Assurance 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.

This report detailed progress made on delivery of the 2020/21 Audit Plan for the period October to December (inclusive) 2020. The Committee was informed that thirteen audit assignments had been completed with one summary opinion of 'Substantial', eleven of 'Reasonable' and one of Consultancy Review issued. A further thirty-seven audit assignments were reported to be in progress.

Implementation of audit recommendations was considered to be satisfactory with good progress on delivery of the plan being reported. In response to questions, it was confirmed that emerging risks would be factored in response to corporate priorities. The issue of speed of processing of planning applications was suggested as a possible area for enquiry. In the meantime, and although the situation was being regularly monitored, the Head of Audit and Management Assurance expressed confidence that the level of resources available for audit was adequate at the current time.

RESOLVED that the Audit and Governance Committee notes progress made and issues arising on the delivery of the 2020/21 Internal Audit Plan.

Voting: Unanimous

62. Updated Audit Findings Report (AFR) - including Letter of Representation

The Head of Audit and Management Assurance and the Assistant Chief Finance Officer 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 set out the findings of the Council's external auditor, Grant Thornton, following their audit of the council's statement of accounts 2019/2020. The key points to note from their report were that Grant Thornton anticipated providing an unqualified opinion on the financial statements for the Council and that they anticipated issuing a qualified "except for" value for money conclusion due to the findings of the Ofsted targeted review of children's services.

In commenting on their report Grant Thornton provided the context of national delay in signing off accounts which they explained was largely as a result of the challenges presented by COVID-19 and remote working although, in the case of BCP Council, the establishment of the partnership and the necessary production of a new single set of accounts added a further dimension. The external auditors outlined the specific areas on which they were still working but acknowledged that the set of controls set

out by the BCP Council Finance Team were very good and that no material adjustments were anticipated.

In response to questions from the Committee on the subject of the value for money judgement the Chief Executive and the Chief Finance Officer both confirmed that they were fully aware of the results and findings of the Children's Services Ofsted report and that there was full commitment to the Action Planning and Improvement Board processes that had been put in place to ensure that the significant improvements required were achieved. There was also reference to the increasing audit fee set out within the Grant Thornton report and the Committee was informed that this subject would be addressed within the Quarter 3 budget monitoring report.

Included as an appendix to the report was a draft of the formal 'Statement of Responsibilities' and the 'Letter of Representation' and the Assistant Chief Finance Officer set out for the Committee the significance and effect of agreeing to signing the documents subject to completion of the audit and subject to there being no material alterations to the accounts that had been presented in draft to the Committee.

RESOLVED that Audit and Governance Committee

- (a) Notes the anticipated audit opinions and findings of the council's external auditor included as Appendix A of the report to the Audit and Governance Committee following the audit of the council's statement of accounts 2019/20;**
- (b) Approves the Letter of Representation included as Appendix B of the report to the Audit and Governance Committee;**
- (c) Approves the treatment of the unadjusted misstatement referred to in Appendix C of the report to the Audit and Governance Committee;**
- (d) Approves the signing of the Statement of Responsibilities included as Appendix D of the report to the Audit and Governance Committee, and the Letter of Representation by the Chair of the Audit & Governance Committee and the S151 Officer once the audit work is complete at the end of January.**

Voting: Unanimous

63. Forward Plan

The Head of Audit and Management Assurance 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 set out the reports to be received by the Audit & Governance Committee for the remainder of the 2020/21 municipal year.

The Committee noted that the report entitled 'Information Governance Update' was now scheduled to be presented to the meeting of the Committee on 22 April 2021.

The Chairman reminded members again of his recent email inviting suggestions for additional subjects for consideration in more depth at the more informal 'extra' meetings of the Committee. This was now an important and useful method of working for the Committee and members were welcome to contribute suggestions on a continuing basis.

The Chairman also referred to the work of the Committee's Constitution Review Working Group. There was potential for an increasing workload for the Committee in the short term in delivering its role in the ongoing review of the Council's Constitution and it was agreed that some 'reserve' dates for additional meetings of the Committee, before the end of the current Municipal year, should be identified in order that members could reserve the dates should they be required.

The Committee was also informed that the Monitoring Officer had completed in draft her Action Plan for wider review of the Constitution and that this would be considered by the Working Group at its next meeting.

RESOLVED that, subject to the above comments, the Audit and Governance Committee approves the forward plan set out.

Voting: Unanimous

The meeting ended at 7.24pm.

CHAIRMAN