

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 09 March 2023 at 6.00 pm

Present:-

Cllr J Beesley – Chairman

Cllr L Fear – Vice-Chairman

Present: Cllr M F Brooke, Cllr M Cox, Cllr M Howell, Cllr T Johnson and
Cllr M Phipps

185. Apologies

There were no apologies for absence.

Councillors D Butt and A Filer were present at the meeting on a virtual basis (without entitlement to vote).

The Leader of the Council, Councillor P Broadhead, was present at the meeting.

Councillor J Butt (Chair of Licensing Committee) and D Kelsey (Chair of Planning Committee) were present at the meeting on a virtual basis.

186. Substitute Members

There were no appointed substitutes.

187. Declarations of Interests

There were no declarations of interest.

188. Confirmation of Minutes

RESOLVED that the Minutes of the meeting of the Committee on 16 February 2023 be confirmed as a correct record.

The Chair of the Licensing Committee had been invited to the current meeting of the Committee and had also attending the meeting of the Committee on 16 February 2023. She observed that her comments at the meeting with reference to the Licensing Committee were not recorded in the Minutes of that meeting. The Chairman referenced the importance of being able to obtain full value from meetings including particularly the contributions made by invited non-Members of the Committee on specific discussion items. It was agreed that the Minutes should reflect the subject of the valuable contribution made to the work of the Committee by other invited Members.

189. Public Issues

The Monitoring Officer advised that following receipt of additional information, there was now one public statement received for submission to the Committee.

Public Statement from Julie Redman

In response to my question about the Bounce Back Challenge Fund at a Council meeting in November 2022, Councillor Broadhead said "Recent independent analysis of this array of support has been highly positive". A FOI request was submitted asking for a copy of the "Recent independent analysis". After at least 10 follow-up emails, we found out "Recent independent analysis" was referring to an internal audit report at least a year old. The charts and graphs in your report pack do not contain any customer feedback. 10 emails for an answer, wastes everyone's time. Customer satisfaction 0 out of 10.

The Chairman referred to emails from Councillor Phipps relating to matters contained in the Public Statement and informed the Committee that he was preparing a response to the points raised and that copies of his replies would be circulated to all members of the Committee with the objective of providing responses before the end of the current Council.

190. Review of the Constitution - Recommendations of the Constitution Review Working Group

As requested at its previous meeting, the Committee received a further report from the Constitution Review Working Group regarding provisions within the Constitution relating to the scheme of delegation to the Planning Committee. It was explained that, after the previous meeting, the Working Group had met again on 01 March 2023 to further review the matter in the light of discussion at the Committee on 16 February 2023. The options developed for discussion were included within a full report which had been circulated to the Committee prior to the meeting within an Agenda Supplement. The Chairman of the Planning Committee and senior Planning and Legal Officers had been closely involved in bringing together options for a complex range of issues and were present at the meeting to advise the Committee and respond to detailed questions.

It was explained that the first of these key areas was the representation referral process which, if the threshold were met, would require a planning related application to be considered by Planning Committee provided the intended Officer decision was contrary to 20 or more relevant representations relating to that application. The second area was the mechanism relating to the ability of a Councillor to call-in an application to Planning Committee but specifically within that, the time period within which a Councillor could exercise that call-in.

The Committee received advice about the effect and implications of a range of options.

RECOMMENDED that: -

- (a) the amendments in the Constitution identified in option 2 and Appendix 2 as set out in item 6 of the agenda of Audit and Governance Committee dated 9 March 2023 be adopted subject to:**
- (i) the replacement of paragraph 2.2.8 as below but in relation to sub-paragraph (f) of that replacement paragraph either option 1 or option 2;**
- (ii) the addition of a new paragraph 2.7 as below; and**
- (iii) further amending part of the wording of paragraph 2.5.2 b) as below.**

The wording of those further changes being as follows:

- (i) Add replacement 2.2.8 with (f) being either as option 1 or option 2:**

2.2.8 applications where there have been 20 or more representations from third parties provided that to count toward that number, a representation must:

- (a) identify on the representation that it has come from a residence which is believed by the case officer (at the time of deciding whether the matter needs to go to Planning Committee) to be within one mile of any point measured from the relevant application site red line boundary;**
- (b) be received by the Council within the initial or any subsequent representation period as identified on the posted planning site notice relating to that application or any other related representation period provided by the Council if no planning site notice is posted;**
- (c) identify one or more issues that the case officer considers to be of material planning relevance to the application to which it relates;**
- (d) not have been withdrawn by the person making the representation prior to the time of deciding whether the matter needs to go to Planning Committee;**
- (e) be contrary to the intended case officer recommendation; and**

Option 1 (no change from current restriction in the Constitution):

- (f) not come from the same residence;**

Option 2 (scope for further multiple representations from the same household to count toward 20 representation total)

(f) provided that any additional representation from the same residence may be counted if in the opinion of the relevant senior planning officer in consultation with the Chair of Planning it raises any different relevant material planning issues to those already contained in other representations from that residence;

(ii) And new 2.7 as follows:

2.7 For the avoidance of doubt, for the purposes of the 20 representation process identified in 2.2.8 above, a representation that identifies more than one name on it (including a petition) shall only be counted as one representation in calculating whether the 20 representation trigger has been reached.

(iv) Amend part of wording to 2.5.2 b) as follows:

2.5.2 b) ... is received no later than 4pm on the seventh calendar day after”

(b) any necessary and consequential technical and formatting related updates and revisions to the Constitution be made by the Monitoring Officer in accordance with the powers delegated.

191. External Audit - 2020/21 ISA260 Audit Findings Report

The Committee received a report from the Council’s External Auditors, Grant Thornton, setting out the findings of the Auditors following their audit of the Council’s statement of accounts for 2020/21. A copy of the Auditor’s full report had been circulated to the Committee prior to the meeting within an Agenda Supplement.

The Auditor reported that his work was now substantially complete and that he expected to be in a position very shortly to issue an unqualified opinion. It was explained that, following identification, adjustment and correction of a number of issues within the revised financial statements, there remained no outstanding issues requiring modification of the audit opinion. Throughout the period of lengthy delay the Committee had been closely involved and kept informed on how matters had progressed. The Committee was therefore already aware that the delay primarily arose from the need to await resolution of a national infrastructure issue for which a statutory override was not in place together with delays in receipt of the Pension Fund auditor’s letter of assurance.

It was accepted that the accounts of the BCP Council were complex as a result of bringing together three legacy Councils which had meant that the

accounts were not straightforward and presented a number of challenges. Having said that, a number of areas for improvement had been identified for action as part of the audit and, going forward, new financial systems in the process of implementation were expected to improve the necessary focus.

The External Auditor highlighted particularly the audit approach to materiality and explained that the materiality thresholds for the audit remained at the initially reported levels. The report also set out a schedule of 'significant risks' which, in the Auditor's judgement, required special audit consideration and included an informative commentary against each risk for consideration by Members. Under the heading of 'Financial Statements – key judgements and estimates' the report provided audit comments and a summary of the management approach together with a formal audit assessment against each item. There was also assessment of the internal controls in place.

The Committee also received the outcome of the 'Value for Money' ('vfm') as reported and presented to the Committee in October 2022.

In an Appendix to the report there was set out a detailed breakdown of the External Audit fees and the increased level of fees reflected the additional work required to prepare reports to the Committee on an 'exception' basis.

The Chief Finance Officer thanked those involved in the considerable amount of work undertaken to achieve an 'unqualified' audit opinion and to comply with the requirements of Local Government accounting. This had taken place during what had been an exceptional year for the community and just the second year of BCP Council. He provided reassurance for the Committee that the statutory requirements were taken very seriously and that the Council was constantly striving to address the issues raised within the audit.

There was also reference to the recently completed budget setting process which had been undertaken in accordance with traditional Local Authority approaches and the External Auditor confirmed that he was content with the reassurances provided by Officers and with further information provided by to him by the new Leader of the Council. The Leader updated the Committee on the process of providing a balanced budget without the need for a 'capitalisation direction' and recognising the greater rigour that was required going forward in areas, for example, such as delivery and implementation of the transformation agenda. The Chairman thanked the new Leader for his level of engagement with the Audit and Governance Committee and for his involvement in discussions with the External Auditor.

The External Auditor advised that previously reported issues relating to resources within his Organisation had been resolved so that work on the delayed audit for 2021/22 could recommence in early July 2023 and, immediately thereafter, audit work on the 2022/23 audit would also commence. In parallel, the 'Value for Money' ('vfm') audits for 2021/22 and for 2022/23 would take place simultaneously and would be reported to the Committee within a single report during Summer of 2023. In response to

questions, the Chief Finance Officer confirmed that resources were in place internally to deliver this programme although this would also need to be done in the context of the simultaneous delivery and implementation of a new financial management system.

The External Auditor and financial Officers responded to a range of detailed questions from Members of the Committee. Responses were also provided to questions about deficits within the Dedicated Schools budget and the ever increasing demands on this particular budget were a concern shared by Councils nationally and this was confirmed by the External Auditor.

Clarity was also provided about the role of the BCP Council Internal Audit team and it was explained that the external audit process cannot place reliance upon Internal Audit testing and findings.

In conclusion, the Chairman thanked Grant Thornton for the way in which they had engaged with him as Chairman of the Audit and Governance Committee and with the wider Committee and Officers of the Council.

RESOLVED that the Audit and Governance Committee

- a) Notes the anticipated audit opinions and findings of the Council's external auditor included as Appendix 1 in the report to the Audit and Governance Committee, following the audit of accounts 2020/21;**
- b) Approves the 2020/21 financial statement included at Appendix 2 in the report to the Audit and Governance Committee;**
- c) Approves the signing of the Statement of Responsibilities and the Letter of Representation by the Chair of the Audit and Governance Committee and the Section 151 Officer once the audit work is complete at the end of March.**

Voting: Unanimous

192. Information Governance Update

The Team Leader of Information Governance presented a report, a copy of which appears at Appendix 'A' to these Minutes in the Minute Book.

The report provided performance management information relating to Freedom of Information Act 2000 (FOIA), Environmental Information Regulations (EIRs), Data Protection Act 2018 (DPA) requests and other agency disclosure requests. There was a broadly steady trend with little overall change in comparison with previously presented information. The report also provided tabulated information about Internal Reviews and complaints.

The work of the Information Governance Board was described including the close working with senior Officers when required to provide oversight in

specific areas. There was a desire to be able to work on an even closer basis with Officer teams across the Council and, to support the function, initial consideration was being given to a more advanced case management system which would be the subject of a future report.

It was reported that the 2021-22 Final Internal Audit report of March 2022 gave a Reasonable Assurance Audit opinion and that a follow-up review was currently underway as part of the 2022/23 Internal Audit Plan.

Whilst this review was not yet finalised, five of the 11 medium recommendations in the report have been confirmed as fully implemented with actions to implement the remaining recommendations in progress.

RESOLVED that the Audit and Governance Committee

- a) notes the Information Governance (IG) performance management information (PMI) for 2022/23(Q1 to Q3 – December 2022) including requests received under the Freedom of Information Act 2000 (FOIA), Environmental Information Regulations (EIRs), Data Protection Act 2018 (DPA) and other agency disclosure requests;**
- b) notes the current composition of the Information Governance Team;**
- c) notes that currently a review is underway on the Final Internal Audit report of March 2022.**

Voting: Unanimous

193. 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 an interim update on the Council's Corporate Risk Register for Quarter 4 of 2022/23 with material updates highlighted and listed for the Committee. Whilst routine review continued to be undertaken on a planned basis by the Corporate Management Board, a more strategic review was taking place in the next few days and the outcome of that review would be reported to the meeting of the Committee in July. It was explained that the strategic review would provide an opportunity to discuss and test each risk in more detail taking account of learning from within the Council and of best practice elsewhere. The review would also aim to ensure that risks were worded in such a way that they were as assessable as they could be and this was specifically welcomed by Members.

RESOLVED that the Audit and Governance Committee note the update provided relating to Corporate Risks.

Voting: Unanimous

194. Internal Audit - Audit Charter & Audit Plan 2023/24

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 Internal Audit Charter and Members were reminded that approval of the Charter by the Audit and Governance Committee was a requirement of the Public Sector Internal Audit Standards (PSIAS).

The Committee was informed that a new Internal Audit Data Analytics Strategy (Annexe 6 of the Charter), which set out how Internal Audit would increase its use of data analytics to provide a greater level of assurance, to increase testing coverage and improve efficiency, had been added, together with a number of minor changes.

The Core Audit Plan, Anti-Fraud and Corruption Audit Plan, and detailed Quarter 1 and Quarter 2 plans would be brought to the next scheduled Audit and Governance Committee in July 2023. It was explained that this was later than normal due to the rearranging of the Committee calendar during the Pre-Election period ahead of the May 2023 local elections.

For awareness and, as an interim measure for the current year only, the Head of Audit and Management Assurance advised that he would circulate the Core Audit Plan, Anti-Fraud and Corruption Audit Plan, and detailed Quarter 1 plan to members of the Audit and Governance Committee in April for awareness.

In response to questions, more information was provided about the intention to increase the use of Data Analytics by Internal Audit over the next three years to support the effective and efficient delivery of assurance.

In response to questions about the proposed reduction in time allocated towards audit activity in respect of the Council's transformation programme, it was explained that partial alternative assurance (to internal audit) of this programme was being undertaken by the Transformation Board itself. In addition, the Overview and Scrutiny Committee had requested a cross-party scrutiny group and this was intended to facilitate additional involvement, test and challenge and to provide assurance to Councillors in relation to the transformation programme. Members were assured that, despite this, the way in which audit days were allocated included sufficient flexibility to ensure it remained possible at any stage to refocus the allocation as necessary.

RESOLVED that Audit and Governance Committee

- a) approves the Internal Audit Charter, including the Internal Audit Data Analytics Strategy, and agree that the Chair of the**

Committee signs the document to record this approval (this may be a virtual sign off using email);

- b) notes that the 2023/24 detailed Core Internal Audit Plan will be presented at the July 2023 Audit and Governance Committee;**
- c) notes the 2023/24 budget for the Internal Audit service as approved by Council as part of the 2023/24 Council Budget setting and Medium Term Financial Plan update in February 2023**

Voting: Unanimous

195. Internal Audit - 4th Quarter interim 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.

The report detailed progress made on delivery of the 2022/23 Audit Plan for the period January to February (inclusive) 2023. The report highlighted that seven audit assignments had been completed with six 'Reasonable' audit opinions and one 'Consultancy' audit review. Thirty-three audit assignments were reported to be in progress. Implementation of audit recommendations was satisfactory and none have required escalation to Audit and Governance Committee.

The Head of Audit and Management Assurance reported that attempts to appoint to a vacant Auditor post continued to be unsuccessful but, through careful management of reduced resource covering the high risk areas in the Audit Plan, he was still expecting to be able to provide the overall 'annual opinion' on the adequacy of the internal control environment. In response to questions, it as confirmed that the annual opinion report would include for the Committee a year- on-year comparison of audit coverage areas, individual assurance opinions and the number and type of recommendations made.

RESOLVED that Audit and Governance Committee note progress made and issues arising on the delivery of the 2022/23 Internal Audit Plan.

Voting: Unanimous

196. Forward Plan - Indicative for the 23/24 municipal year

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 'E' to these Minutes in the Minute Book.

This report set out the indicative list of reports to be considered by the Audit and Governance Committee for the 2023/24 municipal year to enable it to

fulfil its terms of reference. It was explained that the Plan was indicative at this stage with the opportunity, after the elections, for the new Committee to itself identify subjects for the 'extra' meetings of the Committee. It was also confirmed that if any matters arose for the attention of the Committee during the interim period when there were no meetings of the Committee, these items would be circulated to members by email.

It was, however, agreed that during the period whilst the new Committee established its priorities going forward, an 'extra' meeting on 8th June 2023 would be premature and should be removed from the Forward Plan for this municipal year.

RESOLVED that subject to the removal of the proposed 'extra' meeting on 8 June 2023, the Audit and Governance Committee approves the indicative forward plan set out at Appendix A.

Voting: Unanimous

Concluding remarks

As this was the last meeting of the Committee during the current Council, the Chairman recorded his thanks to all Members for their support during the period of his Chairmanship. He thanked Members for their significant and constructive engagement in the process of discharging so effectively the function of audit and governance. He also recorded his thanks to the Officers involved in supporting the process.

The Committee noted that Councillor Mike Brooke was not seeking re-election to the Council and tribute was paid to his considerable contribution to the work of the Committee over many years.

The meeting ended at 9.34 pm

CHAIRMAN