

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE 28 JUNE 2023

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON WEDNESDAY, 28 JUNE 2023 AT 1400 HOURS IN COMMITTEE ROOM 6, COUNCIL HOUSE, VICTORIA SQUARE, BIRMINGHAM, B1 1BB

PRESENT:-

Councillor Fred Grindrod in the Chair;

Councillors Meirion Jenkins, Miranda Perks, Shafique Shah and Paul Tilsley

NOTICE OF RECORDING/WEBCAST

596 The Chair advised and the Committee noted this meeting will be webcast for live or subsequent broadcast via the Council's Public-I microsite ([please click this link](#)) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

The business of the meeting and all discussions in relation to individual reports was available for public inspection via the web-stream.

APPOINTMENT OF THE AUDIT COMMITTEE, MEMBERS, CHAIR & DEPUTY CHAIR

The Chair referred to the appointments made at the 23 May 2023, City Council meeting. This was noted by members and attendees.

Election of the Deputy Chair

The Chair nominated Councillor Paul Tilsley as Deputy Chair, and this was seconded by the Councillor Perks. This was agreed by the Committee Members.

Upon consideration, it was:

597 **RESOLVED**

- (i) That the resolution of the 23 May 2023, City Council appointed the Audit Committee, Chair and Members to serve on the Committee for the period ending with the Annual Meeting of the City Council in 2024 be noted:-

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Labour Group (5):- Councillors Fred Grindrod (Chair), Shabrana Hussain, Kirsten Kurt-Elli, Miranda Perks and Shafique Shah.

Conservative Group (2):- Councillors Meirion Jenkins and Bruce Lines.

Liberal Democrat Group (1):- Councillor Paul Tilsley.

- (ii) That Councillor Paul Tilsley be elected Deputy Chair, for the purpose of substitution for the Chair if absent, for the period ending with the Annual Meeting of the Council in 2024.

DECLARATIONS OF INTEREST

598 There were no declarations of interest made.

APOLOGIES

599 Apologies were submitted on behalf of Councillors Shabrana Hussain and Bruce Lines for their inability to attend the meeting.

EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC

The Chair had been informed of a potential private discussion for item 10 - update on Oracle since the last meeting on 16th May 2023 (under schedule 12A s3 Local Government Act 1972). He sought guidance and steer from the City Solicitor and Monitoring Officer if this was required.

The City Solicitor and Monitoring Officer confirmed item 10 - update on Oracle should remain in public as she was not aware of any information that required a private session. The Chair requested for the City Solicitor and Monitoring Officer to alert him if there was a requirement to move into private session.

Upon consideration, it was:

600 **RESOLVED**

That in accordance with Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to information) (Variation order) 2006, the public be excluded from the meeting during consideration of those parts of the agenda designated as exempt on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information.

MINUTES – AUDIT COMMITTEE 14 FEBRUARY, 28 MARCH & 16 MAY 2023

601 That the public minutes of the 14 February and 28 March having been circulated, were agreed by the Committee.

The 16 May 2023 minutes will be shared at the next meeting for approval.

602 At this juncture, the Chair proposed to change the order of the agenda as one of the External Auditors attendees had to leave before the end of the meeting. A request had been made to move item 11 – Update from External Audit to be the first item for discussion. This was agreed by Members of the Committee.

(ITEM 11)

UPDATE FROM THE EXTERNAL AUDITORS

The following report of the External Auditors was submitted:-

(See document No.1 of the agenda pack)

Key Audit Partner (2020 – 21 and 2021-22) made introductory points. These were noted as:-

- Reference was made to the 28 March meeting where the Audit Findings Report for 2020 -21 and 2021-22 had been discussed. At that point the External Auditors believed they were ready to provide their Audit opinions however, it was noted various subsequent developments had taken place i.e. Oracle therefore the External Auditors had to review their position on this and consider the extra work required on the outstanding years as well as the audit years going forward.
- Members were informed Mark Stocks would be the Key Audit Partner for the 2022-23 audit as well as subsequent years, as Jon Roberts had come to the end of his 5-year term. Both Key Partners would still be involved whilst the relevant years audits were still open.
- A summary and explanation of key issues for open audits were shared with the Committee.
- Key areas that are outstanding across the various audit years were noted as; 20-21: reconsideration of equal pay liability prudence and relevance; Annual Governance Statement (AGS) update; 21-22: Equal Pay impact, Investment Property Challenge (technical definition); Oracle Capital Spend impairment Assessment; IT Audit work based on the SAP access control matters; and AGS Update. As for VFM: Equal Pay Governance; Oracle Implementation and IT Governance; Financial Sustainability Assessment Refresh; Financial Control and Reliability of outturn; Accounts preparation risks from Oracle and consideration of additional audit powers.

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The Key Partner for the 2022-23, 2023-24 audit introduced himself to the Committee and made the following points: -

- the value for money areas which were outlined for previous years were equally applicable for current years.
- Two pieces of work (value for money) would take place for Oracle. These were: i) look at what previously happened and how we got to where we are and what went wrong ii) to look at the plan put into place to resolve Oracle issues. The External Auditors were looking at the specification of this work and will require to do more, which may still not be sufficient. Further details were provided by the Key Partner.
- The Council's focus should be on outturn rather than audit opinion.

The Chair welcomed Mark Stocks (External Auditor) for providing an overview of the work he would be carrying out.

Questions and comments were raised by the Committee around the following areas:

- What was meant by 'Investment Property Challenge'; in the External Auditors opinion, when would they be able to issue an opinion, even qualified, considering unreliability of the Oracle information and situation; if at any time Oracle implementation should be abandoned and start again; and Equal Pay, £1.1 billion already paid out and now there was a current liability of £760 million.

In response to the Committees questions the following points were made by the External Auditors:

- Investment Property Challenge – the challenge came through the Council's policy for Investment Properties is to not recognise properties that might be considered as investment property if it has a wider regenerative purpose. This was allowed under the accounting code. However, Birmingham is unusual as it only had one investment property. The External Auditors had expected there to be more.
- Equal Pay – External Auditors had Equal Pay as a key issue for the audit and it a very significant issue for the Council.
- Oracle – 2022-23 opinion, the External Auditors would be interested in officers to produce a set of accounts that the organisation can rely on rather than the timetabling of the Accounts. The focus would be on a set of accounts that were reliable the Audit. Some of these issues do impact in 2023/24. The Key Partner highlighted guidance had to be given by the S151 officer on what was achievable for the accounts. It was noted work was taking place to see what was achievable as there were too many issues with Oracle. Further details around Oracle were to be discussed later in the meeting.

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Further questions and comments were raised by the Committee around the following areas:

- Investment Property - Other local authorities who issued Section 114, the Public Works Loan Board tightened up the regulations on loans. Birmingham only had Snowhill as the Investment Property for future redevelopments.
- Financial outturn looking back as well as forward. Reference was made to the approved budget from the previous year where reserves of £80 million pounds were used. This continued to cause concerns to Members as this was for Ukraine and energy prices.
- This 10% bail out from reserves was a concerning, as once this was used it was not available again. It was questioned if capital receipts could be used to rectify the Oracle issue or would it have to come from revenue and reserves.

In response to the Committees questions the following points were made by the External Auditors:

- There was only one investment property for Birmingham. Other Large local authorities have many investment properties. The technical accounting definition of investment property were being referred to in this audit. Further details around this was shared. The matter tightened up by PWLB were on investments outside the local authority area. This is something different.
- The outturn for 2022-23 had to be clear. Regular conversations were taking place with the S151 officer. The External Auditors would be looking to what the outturn was for 2022-23, how much of the reserves was used and what was remaining. What was sustainable. This was the challenge for 2023-24. There was a significant challenge of Equal Pay and Oracle which would place pressure on Birmingham City Council, alongside normal level of savings
- It was noted a possible transformation agenda would need to be explored or significant service cuts across the organisation.
- It was crucial all Members, Service Directors, Corporate Leadership Team, and officers to support the S151 Officer to deliver this single agenda as it was a significant challenge for Birmingham.
- Examples of capital expenditure and revenue expenditure was discussed in the context of IT implementation

The Chair referred to the timetable set out by the External Auditors and sought an estimate timeframe of when the opinion from the previous audits could be provided. Reference was made to the email received by the Chief Executive around Equal Pay which raised serious concerns. The Committee were unsighted of the email as this had been issued whilst this meeting was taking place.

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Further comments were made by the External Auditors. These were noted as;

- The 2020-21 and 2021-22 opinion could be provided soon, possibly by September. Estimates for Equal Pay would need to be reflected in the various financial years where required
- Investment Properties did not require much work for the audit.
- Further work would be considered for the Equal pay including the modelling and analysis.

At this juncture, the Chair requested for a full report on Equal Pay to be presented at the next Audit Committee in July however, queried with the Committee if there was a need for an extraordinary meeting of the Committee to look at this matter sooner.

Members response to the suggestion of an extraordinary meeting:

The preference was to have the Equal Pay item at the 19 July meeting to allow time for information to be gathered for reports. Councillor Perks was not in favour of holding an extra meeting. Councillor Jenkins agreed with this comment.

Assurances was sought that officers would be able to report on equal pay at the next meeting. Assurance was provided by the Interim Director of Finance & s151 Officer however, the modelling referred to by the External Auditors would be completed by the end of July. This report would come to the Committee with the caveat of work that still needs to be done. Members would be provided with as much updates as possible from officers. The outstanding work would be shared at a further meeting.

Historically, the Committee had been reassured on several occasions that Equal Pay had been closed. Updates on Equal Pay outlining the history, current update of the situation and regular update to the Committee like Oracle issue were welcomed by the Committee. The Committee welcomed to understand why these issues occurred and to learn for the future to avoid repetition of these mistakes.

It was highlighted there were times where certain ERP systems had to be abandoned and start again possibly with the same or different product. It was questioned to the External Auditors as to what the percentage likelihood of would be starting with a new system and abandoning the current implementation. In response, the Key Partner indicated an IT team would be looking into this area and provide a view. A serious level of governance was being invested into the project with project plans with the intention of resolving the issue and ensuring Oracle worked. The External Auditors had seen systems abandoned prior to implementation however Birmingham had gone live therefore they did not see any better options than possibly even re-implement the system. The Chair suggested briefings to be provided by the External Auditors on Equal Pay and Oracle. The External Auditors accepted this proposal.

Upon consideration, it was:

603

RESOLVED:-

The Audit Committee;

- (i) Noted the updates from the External Auditors.
- (ii) Agreed for a report on Equal Pay to be provided at the next meeting 19 July 2023.
- (iii) Noted a briefing session to be delivered by the External Auditors on Equal Pay and Oracle.

(The Committee moved back to Item 7 on the agenda)

IMPROVING THE EFFECTIVENESS OF THE AUDIT COMMITTEE – INITIAL ACTIONS

The following report of the Interim Director of Finance was submitted:-

(See document No.2 of the agenda pack)

The Interim Director of Finance (S151 officer) introduced the report to the Committee. It was noted that:

- The report was in response to the first meeting on resetting the Audit Committee as it was felt the Committee was let down by the reports and information that was provided over the last 12 months or so.
- It was suggested there could be a training programme on what could be improved and what was the scope of the Audit Committee.
- A work programme would be suggested as part of the training programme.
- The Interim Head of Financial Strategy had referred to the CIPFA guidance of effective audit committees.

At this juncture, the Interim Head of Financial Strategy gave an overview to the report. It was noted that:

- Last year, June 2022, the Independent Technical Advisor shared a presentation on the role of the Audit Committee. The report and proposals shared today would build upon the previous presentation.
- CIPFA updated their guidance in 2022 – Audit Committee Member in a Local Authority. This publication was available to share with members.

CIPFA's Position Statement on Audit Committees categorised the responsibilities. These were sectioned into three broad areas:

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1. Supporting the establishment and maintenance of good governance, risk management and control arrangements.
2. Supporting the establishment and maintenance of good arrangements for internal audit and external audit.
3. Supporting accountability and public reporting, in particular the financial statements and the Annual Governance Statement, and other statements that accompany the financial statements.

Further deep dives and detailed discussions would be taking place on the following areas: Good Governance, Risk Management and Control; Arrangements for Internal Audit and External Audits; Accountability and public reporting arrangements; proposed future agenda and training.

The immediate actions being worked to support the Committee was noted as:

- Quarterly review of the Internal Audit Plan
- Risk Management and Governance Training
- Treasury Management and Investment risk Training

The Committee made the following comments and raised questions around;

Confidence on Risk Management – Cabinet Members and Directors had responsibilities on Annual Governance Statement, Value for money, risk register as part of the Assurance Sessions however, this had lost sight of as the information was not shared to the Committee. Mitigation of risk in the areas of responsibilities had to be shared.

To see how this work adds onto the current ways of working for the Audit Committee for improvement.

Councillor Tilsley highlighted it was crucial that External Audit agreed the work with Internal Audit as certain areas can be lost. It was important to work together. Internal Audit have the independence to various areas of organisations and ask questions with the support of Audit Committee and Chief Executive. The Chief Executive would assist with any blockages and initiate line of enquiry.

Members welcomed additional training and documents to support their role on the Audit Committee.

Proposals of quarterly review of the Internal Audit Plan was endorsed by Members however, Members proposed to see Internal Audit as a key and central to meetings therefore Councillor Perks proposed monthly updates instead of quarterly updates.

Internal Audit had to be a focus for the Committee i.e., start the meeting with Internal Audit as at present there was not much assurance given. In addition, the internal control of the risk register and how the risk register was placed together.

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Assurance was required from Internal Audit of what was being done, how the audit plan was produced, how this was monitored by a report coming to every Audit Committee.

Members required more time to assess the Internal Audit Annual Report.

Audit Committees role was to ensure risks were under control, as well as having forward knowledge of risk. Examples of Oracle and Equal Pay were referred to as these were not on the radar of Audit Committee.

It was noted, this Audit Committee consisted of part time representatives with demanding jobs. Members were not remunerated for the work on the Committee. It was highlighted there was a natural in-built conflict with Members of the political parties and officers. Officers had to be open and transparent with Members of the Audit Committee. The Chair agreed with the points made.

The Committee and as well as the organisation had to take their roles seriously.

The Chair sought commitment from the Chief executive to attend future meeting and to ensure that the understanding and commitment was in place.

At 1506 hours, Councillor Jenkins left the meeting.

In response to the Committees questions the following points were made by the interim Finance Director, S151 Officer and City Solicitor & Monitoring Officer;

- Equal Pay was a financial matter - Briefings had been offered to each political group and a separate briefing could be arranged with the Chief Executive (Head of Paid Service), Director for People Services, City Solicitor and Monitoring Officer and the Interim Director for Finance (s151 officer).
- Capital Receipts – The rules were changed by legislation (March 2020) – no longer use Capital receipts automatically to fund Equal Pay.
- The City Solicitor & Monitoring Officer provided the option for the Audit Committee to invite independent members to support the work of the Committee (Independent voice of the resident, Birmingham). This option was available to strengthen and broaden the skills set and challenge that Audit Committee offered. Independent Members can sit on the Committee as full members however not be democratically elected.
- Members were reminded that they had to be apolitical for this Committee as the governance, controls and financial state of the Council was reviewed at this Committee.

The Chair noted key points made by Members.

At this juncture, Councillor Tilsley sought confirmation from the External Auditors that they were in support of appendix C - Internal Audit Charter 2023/24 (As part of item 9 – Internal Audit Annual Report).

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The Key Partner highlighted there was a good working arrangements with Internal Audit. Information had been shared for agendas of the Committee.

On this basis, recommendation 2.2 of the report had been amended at monthly meeting of the Internal Audit Plan rather than quarterly.

Upon consideration, it was:

604

RESOLVED:-

The Audit Committee:

- (i) Noted the high-level roles and functions of an Audit Committee
- (ii) Approved the proposed immediate action of monthly reviews of the internal audit plan and the training and development for Audit Committee described in Section 8.

TERMS OF REFERENCE

The Terms of reference for the Committee were shared.

(See item 3 of the agenda pack).

Upon consideration, it was:

605

RESOLVED:-

The Audit Committee noted and agreed the terms of reference of the Committee.

At 1514 hours, Councillor Shah left the meeting.

INTERNAL AUDIT ANNUAL REPORT (INCLUDING QUARTERLY UPDATE 2023-24 PLAN)

At this juncture, Councillor Perks proposed this item to be deferred to the next meeting (19 July), as additional time was required to look at the detail of the report before approving.

The City Solicitor and Monitoring advised the Committee that they should be made aware of the purpose of the Assistant Director and Audit Risk Managements opinion. This would provide the Members an outline to understand the complex document i.e. what factors to consider and look for, the professional standards Audit had to work to. A further update would be provided at the next meeting.

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On this basis, the Chair highlighted recommendation 3.1 and 3.3 of the report would be deferred to the next meeting.

The following report of the Assistant Director for Audit & Risk Management was submitted:-

(See document No.4 of the agenda pack)

The Assistant Director for Audit & Risk Management introduced the report to the Committee. It was noted that:

- 2 key areas brought to Members attention. These were noted as i) Assistant Director for Audit & Risk Management annual opinion and ii) revisions to the 2023-24 Audit Plan.
- Assistant Director for Audit & Risk Management had provided a 'limited' opinion as Oracle underpins various controls throughout the Council.
- In addition, there was incomplete content within the financial systems.

A summary was provided on; i) Appendix A – Summary of Significant Findings and our work on the Main Financial Systems; ii) Appendix B - Final Reports Issued During 2022/23; iii) Appendix C - Internal Audit Charter 2023/24 and Appendix D - Internal Audit Plan 2023/24.

In January's Audit Meeting, the Peer Review feedback was shared. This was the same plan shared at the March meeting however, expanded upon i.e. defined what job roles are. There was a possibility of adding a colour coding system to indicate which jobs had started.

In discussion members raised they didn't get enough information and details in appendix D. Further details were required to provide assurance to Members. The colour coding would assist members to understand the within Audit Plan. Details of the conclusion that had been reached with be useful. Members queried how resourced Internal Audit was.

The Assistant Director for Audit & Risk Management proposed to share an example for a deep dive into an area at a future meeting.

Upon consideration, it was:

606

RESOLVED:-

The Audit Committee:

- (i) Members agreed to defer this report and the annual assurance opinion for 2022/23.
- (ii) Noted the additional information provided with the 2023/24 internal audit plan and identify any additional risk for inclusion in the ongoing planning process.

- (iii) Members agreed to defer the 2023/24 Internal Audit Charter for approval at the next meeting.
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UPDATE REPORT ON ORACLE SINCE THE LAST MEETING 16TH MAY 2023

The following report of the Report of the Director of Transformation and the Interim Director of Finance & s151 Officer.

(See document No.5 of the agenda pack – This presentation was tabled at the meeting however, available to refer to on the agenda pack and additional meeting document)

The Director of Transformation introduced the presentation to the Committee. It was noted that:

- The Chief Executive had requested for the Director of Transformation to lead on the recovery of Oracle. Both the Programme Director and Director of Transformation had been moved across to focus on the recovery to reach a Safe and Compliant Phase.
- At the last meeting (16 May), the Committee had a presentation providing updates on the progress and an overview of the plan going forward (around Optimisation).

The presentation provided an overview on the following areas: recap on key areas discussed in the May Audit Committee meeting; overview of progress to date including technical advisors as well as support from Oracle themselves; a new offer through Occupational health to support staff; control quickly with the right capacity, capabilities, and approach to communications; appointment of two schools relationship managers (Primary and Secondary including nurseries);

Other key points highlighted during the overview was noted as; there was now intense governance arrangements in place for the programme to provide a clear single plan. It was highlighted the Audit logs would now be switched on by 12th July and risk management cloud by end of August. A technical co-ordinator had been seconded in who had undertaken ERP implementation including Oracle. A Project Accountant would be looking at the spend on Oracle. Each of the modules would have a technical expert to move to an optimisation phase. New roles had been recruited in finance and HR and there was now the right level of expertise around Oracle and ERP knowledge.

It was highlighted a lot of manual fixes were required. An enterprise architect was now on the Design Authority for Oracle. This allowed the right technical expertise to sit around the table.

External Auditors had requested for the Audit Log to be switched on. Resources had be place to ensure the deadline for the Audit logs and Risk Management Cloud was in place.

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Cabinet (27 June) had approved for additional resources and requesting for funding (and delegated authority) for 2 elements: • Safe and Compliant work • Solution Design (first stage of Optimisation).

Issues highlighted were around business capacity which was not invested in originally and this was now focused upon. This would cause disruption to staff as they would be required to work differently which would require additional training and testing.

All finance staff had been re-trained on Oracle. Communication had been sent to schools via the Director of Children Services & Families to provide them with a discount on services they were receiving and provide assurances to closure of school accounts.

The Chair highlighted the Secondary lead (Schools Relationship Manager) was for Kings Heath boys. This would be corrected in the presentation.

The Assistant Director for Financial Strategy provided a further updates on safe and complaint on Finance including (finance update: outturn, accounts production. It was noted manual checking and intervention was in place to control this area and to ensure the general ledger was correct i.e., the income and expenditure was recognised and classified in the correct places to produce the most materially correct outturn. There were many steps still to complete as part of this critical path to produce a set of accounts. This work would continue however there was still some unknowns and risks around the delivery which was being monitored.

The Medium-Term Financial Plan (MTFP) refresh timeline and Schools 2022/23 Accounts Closedown Update. The MTFP would be an extremely important process where key dates within the timeline were crucial for the financial position of the Council. Quarterly updates would be provided on the MTFP to Cabinet in July factoring in areas such as economical changes etc.

The Director of People Services gave a further overview on safe and compliant update – People Services. A summary was provided around Pay Progression which was delivered successfully in May using manual workarounds; Automated solution in June, with some manual adjustments; Fully automated upload was planned for July; Recruitment: Backlog addressed, proposal to address pinch points & bottlenecks being reviewed. Further improvement work planned to start 3 July.

Details around DBS & Right to Remain was shared as safeguarding was a priority. Since the May Audit Committee, the Director of People Services had instructed a review to provide further assurance around the records for DBS which identified two issues. These were noted as: i) Holding the data centrally ii) configuring Oracle to upload data of DBS updates – reporting mechanism flags when DBS were due annual reviews. Checks were taking place around roles and if the right DBS checks were in place.

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Members were reminded there were no previous records for 50 staff who required a DBS check however, within a week, all 50 individuals details were checked and confirmed they all had a record. This was an ongoing priority.

Right to remain it was noted, 1000 employees' details had been checked. 99% of employees had no requirement, 22 individuals had limited leave to remain, and one had a follow up action in progress.

Oracle response to Governance Structure; Governance hierarchy and principles per phase were shared. Weekly governance arrangement was in place. An Independent Advisor had been appointed for finance as well as an Oracle Technical Expert.

The Programme Manager summarised points around the Design Authority as outlined in the presentation. It was highlighted the Design Authority met twice week. Phase 1 and phase 2 of the Programme Phasing had been merged. Significant support was being provided by Oracle. It was highlighted, Oracle did not do their own implementation but normally recommend their partner however, due to the significance and profile of Birmingham, Oracle were supporting the local authority.

At this juncture, the Chair agreed for the meeting to overrun due to the important issues that were being discussed. He welcomed updates on Oracle to be provided a future meetings.

Members raised question around the previous design authority for the initial implementation of Oracle and what assurances would be given that the design authority now would not produce further risks; what lessons had been learnt; Decision originally taken by Cabinet indicted there was no customisation however this was modified in many ways – Oracle was assisting as this was reputable damage to both Oracle and Birmingham. Reference was made to four potential sources of funding to resolve the issue around Oracle (Capital receipts, PWLB, Reserves and Revenue) - concerns were raised around not having funds available further down the line. Honesty was required on how this situation was going to be resolved.

It was noted a Scrutiny investigation was due to take place into this area. Councillor Tilsley highlighted that officers that had been previously reporting to the members had misled the Committee. He questioned why Councillor Jenkins had been excluded from the Scrutiny investigation as he had knowledge around this area. It was highlighted Councillor Jenkins had no pecuniary or non-pecuniary interest in this area but knowledge of this area.

In response to members questions the following points were noted;

- Design Authority – The Leader and Chief Executive had initiated a management review to see how this situation had taken place. All the paperwork in relation to the design authority had been reviewed and how decisions had been taken to avoid the same mistakes i.e. decisions and rationale around every extension that had been build.

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- Decisions would now be looked at and endorsed by Gold (Design Authority Board) and Members. Any changes would be adapted in line with Oracle.
- Work would be taking place with Local Authorities that had implemented Oracle.
- Details of what funding came from where for the Oracle project would be shared by Director of Finance – External Audit would be looking at what had been Capitalised on Oracle, definition of transformation vs what was a fix to the system. If this was a hardware or software, this would not be capitalised. Cabinet had recommended to use the Delivery Plan Revenue to set aside £46.5 million. If there were legitimate areas to capitalise, this would be considered.

The City Solicitor and Monitoring Officer commented, the Chair of Finance and Resources Overview and Scrutiny Committee had proposed to invite Councillor Jenkins to the Task and Finish Group. It was noted there could be a potential conflict as Councillor Jenkins was a Member of the Audit Committee who sought assurances from others around governance and delivery of projects. Audit Committee would be focussing on the Oracle Programme and seek assurance from Finance and Resources O&S, therefore there was a conflict. Scrutiny was an internal control and should be used by Audit Committee as a source of assurance.

The Chair of Finance and Resources O&S could be invited to Audit Committee to seek assurances. The City Solicitor and Monitoring Officer had no objection with Members of Audit Committee sitting on other O&S Committees however this was a high-risk matter which was being looked at by External and Internal Audit.

The Chair questioned if the Conservative Group had the option to remove Councillor Jenkins from the Audit Committee to be involved in the Task and Finish, Scrutiny investigation. The City Solicitor and monitoring Officer could not confirm this. It was noted the Chair of Finance and Resources O&S committee expressed an interest to invite Councillor Jenkins to Task and Finish Group.

The presentation would be shared with Audit Committee Members. The City Solicitor and Monitoring Officer had no objections with the presentation being shared.

The Chair highlighted his pecuniary interest around employees of teachers trade union for the City Solicitor to advise when he would need to withdraw his line of questioning at the meeting. He had concerns around the reputational risks the Council had with the schools and what was being doing to manage this and tracking this relationship and changes occurring and would like updates on this.

Future updates to be provided on;

- Risk Management - to understand progress and interaction with other issues raised at the meeting.
- Comprehensive risk register was held including service areas and overarching programme – top level high risk.
- The Chief Executive had referenced a Management Review on Oracle and see the Terms of reference related to this.

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- A Single Schools Plan would be explored with Business Managers and regular contact with Schools. There were issues around schools who were waiting to academicise, and this was waiting to be tracked as well as the number of schools that had decided to opt out of Councils services as a result Oracle issues. Data was being collated and would be reported as part of the next update.
- Impact on wellbeing and stress on staff especially in schools – support health and wellbeing issues. Occupational Health offer currently not offered to schools, Business Managers and staff but would be explored and revisited.
- DBS checks – What scale were these risks being mitigated against as at the last meeting confidence and assurances were not provided. It was noted a DBS check was valid for 3 years. The Council review these annually. The challenge was to flag DBS annual checks where manual work was taking place.
- Partial assurances were provided by the Director of People Services around everyone having a DBS check. 3000 employees have a DBS check. 25% of total were compliant with the BCC policy. There were issues collating the data as they were held by locally by managers and some in People Services. Work was taking place to bring this together.
- 50 employees who were thought not to have a DBS check do have one however, checks were taking place on if they are complaint within the 12 months.
- Implementation of Oracle had highlighted issues within internal processes i.e. record management. It was being explored to hold records centrally in order Oracle to flag annual DBS checks were taken place.
- Right to remain to be looked at to in a similar manner.

Upon consideration, it was:

607

RESOLVED:-

The Audit Committee noted the details of this report, and a further update would be provided at the next meeting.

SCHEDULE OF OUTSTANDING MINUTES

608

Updates would be provided at the next meeting. This item was deferred.

DATES OF MEETINGS FOR 2023-2024

2023

Wednesday 28 June
Wednesday 19 July
Wednesday 27 September
Wednesday 18 October
Wednesday 29 November

2024

Wednesday 31 January
Wednesday 21 February
Wednesday 20 March
Wednesday 24 April

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Upon consideration, it was:

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RESOLVED:-

The Audit Committee approved the schedule of dates for meetings during 2023/24 at 1400 hours.

OTHER URGENT BUSINESS

609

None

AUTHORITY TO CHAIRMAN AND OFFICERS

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RESOLVED:-

That in an urgent situation between meetings the Chair, jointly with the relevant Chief Officer, has authority to act on behalf of the Committee.

The meeting ended at 1628 hours.

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CHAIR