

External audit: progress report for Birmingham City Council

**Audit years 2020-21, 2021-22,
2022-23 and 2023-24**

15 November 2023



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This progress report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260.

Name: Jon Roberts and Mark Stocks
For Grant Thornton UK LLP
Date: 10 November 2023

Financial statements audits

2020/21 and 2021/22

As reported at previous Audit Committees, and as set out in more detail in our recent External Audit Landscape document, the financial statements of the Council for the years ending 31 March 2021 and 31 March 2022 both remain open. The most significant outstanding factor from both is the Council's Equal Pay liability.

In our September update, we reported that we intended to complete various elements of our work in September and October. However, we have not been provided with the information necessary to meet these deadlines. Since the last Audit Committee meeting, we requested documentation and information in order to complete our work on the 2020/21 and 2021/22 accounts. This request was made on 13 October 2023 under paragraph 22 of the 2014 Local Audit and Accountability Act. We requested that the information be received by 31 October in order to meet the statutory recommendation requirement of finalising the audits by 30 November.

This paper gives an update on progress against each of the outstanding items reported to you previously.

Subsequent to the request being made on 13 October, information has come to light that requires us to consider further the risk that the Council's draft accounts for the years in question may have been deliberately misrepresented. We therefore need to undertake work in additional areas as set out on page 7.

More details are provided on the following pages.

We acknowledge that the Council's focus is on providing a financial outturn to inform its decision making, but equally it is important that sight is not lost of the importance of closing down the Council's open years of account. As such we met with the s151 and other officers to discuss our updated requests, who have committed to provide the information in a reasonable timescale.

Financial statements audit - 2020/21

Issue	September update	Next steps at September	November update
<p>Equal Pay provision</p> <p>A fresh analysis of the Council's equal pay liability has been conducted which will give a more accurate estimate of the financial position and will require significant adjustments to be made to the financial statements.</p>	<p>Several meetings have been held between key members of the audit team and key individuals at the Council, including initial discussions with the Council's modelling team, to discuss the process that has been undertaken and the progress that the Council has made.</p> <p>We have not yet received the Council's revised model. We expect to receive this shortly for consideration, which is later than initially planned.</p>	<p>Upon receipt of the Council's revised model, we will consider the approach taken by the Council, the completeness and accuracy of the underlying data, and any key judgements and estimates that management have made. We will be supported in this work by modelling specialists from within Grant Thornton.</p> <p>Given our expectation that the provision currently reflected in the draft accounts is materially understated, we will then consider the implications of the anticipated material misstatement (if uncorrected in the draft accounts) for our audit opinion</p> <p>We are aiming to complete this work by the end of October 2023.</p>	<p>We have recently received the Council's accounting paper, which sets out the rationale for its assumptions and judgements to be applied within its accounting model. We are currently working through this paper and have yet to receive the Council's models, though we understand from officers that they are expected to be with us over the course of November with a model being provided each week for each year in question.</p>
<p>Investment property classification</p> <p>The Council is unusual in that it only holds one asset as an investment property on its Balance Sheet. We have challenged the classification of a sample of operational properties.</p>	<p>Officers have provided additional information linking the assets we have selected for our review to place-shaping and strategic regeneration aims.</p> <p>So far, we do not consider the information provided to be sufficient, and so we have requested additional audit evidence.</p>	<p>Officers are actively considering the specific assets that we have challenged the classification of and are providing additional information.</p> <p>We are aiming to complete this work by the end of September 2023.</p>	<p>This work has been completed and the matter closed.</p>
<p>AGS update</p> <p>The Annual Governance Statement will need to be updated to the date that it is signed.</p>	<p>We have not received any updates on the AGS, as the work on significant governance issues (which would inform a revised AGS) is still ongoing, eg Equal Pay/Financial Sustainability/Oracle.</p>	<p>Once management have completed the other areas of work, consideration should turn to updating the AGSs as necessary.</p> <p>We can then consider the completeness and appropriateness of the proposed updates.</p>	<p>As September</p>

Financial statements audit - 2021/22

Issue	September update	Next steps at September	November update
<p>Matters from 20/21: Equal pay, Investment property classification, AGS</p> <p>As above, the resolution of matters from our 20/21 audit in all three areas set out in slide 3 above will also have a bearing on the 21/22 audit of accounts.</p>	As for 20/21	As for 20/21	As for 20/21
<p>Oracle impairment assessment</p> <p>The Code requires that assets are carried at no more than their recoverable amount (recoverable through sale or use).</p>	<p>Officers have not yet provided us with this information on the grounds that focus has been on Equal Pay matters.</p> <p>It is anticipated that this will be provided in September 2023.</p>	<p>We have requested that management document their consideration of whether any impairment is required in relation to the capitalised costs of the new ledger system.</p> <p>We are aiming to complete this work by the end of October 2023.</p>	The Council's assessment and proposed treatment in relation to this issue was provided in early November. We are currently working through this paper.
<p>Actuarial valuation under IAS 19</p> <p>The LGPS underwent a full triennial valuation at 31 March 2022, the results of which are now available and are a more accurate estimate of the Council's pension liability at that date than the previous roll-forward estimate.</p>	<p>The actuary has provided us with initial responses on queries raised on review of the assumptions applied in the revised IAS 19 report, based on our review of the pension liability.</p> <p>Our work on the pension asset is ongoing as at the time of writing.</p>	<p>We have asked officers to confirm with the actuary to what extent the Equal Pay liability will need to be reflected in the IAS 19 valuation.</p> <p>We have also asked officers to consider the impact of the triennial valuation on the Children's Trust, given that it is a significant consolidated component in the group accounts.</p> <p>Upon receipt of this information, the Council will need to amend the financial statements accordingly, for us to audit any adjustments arising.</p> <p>We are aiming to complete this work by the end of September 2023.</p>	A partial response was forwarded to us from the actuary on 1 November. The Council has considered the response and is in the process of requesting a further report from the actuary to inform any adjustments that might be necessary in the financial statements.

Financial statements audit - 2021/22 (continued)

Issue	September update	Next steps at September	November update
<p>SAP IT audit</p> <p>We had reported in previous years that we had identified deficiencies relating to user access permissions. These deficiencies continued to be in place when we undertook our review of SAP for the purposes of our audit of the 31 March 2022 financial statements. Management responses to our recommendations were received in September 2022 noting that recommendations were accepted, and that the situation would not be repeated in the Oracle Cloud system.</p>	<p>We subsequently performed a follow up review of the Oracle system in March 2023 to identify whether the deficiencies previously identified in SAP had been addressed. This included a review of the Council's data migration processes in implementing the new system. Management responses to the recommendations raised were received week commencing 7 August 2023.</p>	<p>Findings from this review will feed into our overall work Value for Money work being undertaken on Oracle, as set out later in this document.</p>	<p>A separate workstream has been undertaken to review the implementation of Oracle and the consideration of the previous SAP findings. An interim report was provided to management for consideration on 16 October and is included as a separate agenda item at this Committee meeting.</p>
<p>Property valuations</p> <p>A small number of queries remain outstanding to complete our work on the Council's property valuations in 2021-22.</p>	<p>A full audit trail of evidence remains outstanding in respect of the floor areas of three assets selected for review. We have been advised by officers that they are being reviewed as part of the 22-23 valuations process, the outcome of which may not be known for a further 2-3 weeks from the time of writing, but will inform considerations.</p>	<p>Officers are actively addressing queries. For the assets in question we will also consider the 2022-23 valuations for indications of potential issues in the 2021-22 valuations.</p> <p>We are aiming to complete this work by the end of September 2023.</p>	<p>Dialogue has taken place with relevant officers and the latest iteration of the information is now with the audit team to consider, but we anticipate that adjustments will be required to the financial statements.</p>

Additional information needed

Given the information currently emerging relating to issues with the Council's control environment, risk management, and financial management, we now consider that further work is needed to fulfil our responsibilities under auditing standards.

We set out a list of the areas where we need to extend the work we have already undertaken below.

Issue

Capitalisation - a more extensive review of the Council's approach to capitalisation, focussing on the risk that revenue expenditure had been deliberately capitalised as a means of reducing the pressure on the I&E account;

Housing Revenue Account - a detailed review of the interface between the General Fund and the HRA to ensure that proper (and lawful) distinction had been made between those costs attributable to the Council's landlord function and those more appropriate to be categorised within the General Fund;

Grants - detailed challenge of the Council's use of grants to ensure that they have been applied according to the conditions of grant. As part of this we will consider in detail the application of any grants which are ring-fenced, such as the Public Health Ring-fenced Grant;

Corporate landlord function - we will consider whether the Council has been capturing and properly recognising all income due under its corporate landlord function. Specifically, the risk we would be addressing is that commercial tenants have been undercharged or hadn't received rent reviews due to related party influence, or whether income may have been misstated due to the records not being sufficiently up to date;

Land and property sales - we will consider whether proper consideration has been obtained and has the impact of any related parties been appropriately dealt with;

Procurement - we will consider the recent procurement report and whether the weakness identified in the Council's procurement arrangements indicate areas where additional testing is needed;

Highways PFI - given the Council's communication with Government regarding its Highways PFI we will need to consider whether there are any accounting implications (adjusting or disclosure) that have not been reflected in the accounts, such as impairment of valuations or contract liabilities;

Regulator of Social Housing - we will also need to consider whether there are any adjusting or non-adjusting Post Balance Sheet events attributable to the Regulator of Social Housing's assessment of the Council's performance against the Decent Home Standard;

Related Parties - we will extend our consideration of related parties, particularly in relation to procurement and contracting.

Financial statements audit - 2022/23

Background and Audit Approach

The audit of the 2022/23 financial statements is significantly delayed. This is primarily due to 2 reasons:

- Equal pay –the Council’s equal pay liability is significant and by necessity its focus of the Council has been on putting in place an appropriate Job Evaluation process. This has reduced the level of finance capacity available for other matters
- Oracle – the Council has experienced significant problems from the implementation of its new Enterprise Resource Planning (ERP) IT system, Oracle Cloud, leading to anticipated additional costs of (total costs of £100m compared to an initial budget of £38.7m as approved by Cabinet in March 2021). This has significantly impacted on the Council’s ability to operate business-as usual activities, due to the workarounds and manual interventions needed to operate the system.

Due to these issues the Council has been unable to produce

- An outturn position for 2022/23
- A set of financial statements for 2022/23.

We reported to the last committee issues with regard to Implementation , Security, Compliance, Finance System, Cash, Accounts receivable and Payables, Payroll, and Journals.

We also outlined that we would undertake our audit in two phases:

Phase 1 – this comprises of a consideration of IT controls and security, Data Migration, and core processes. These core processes are: system controls; journal controls (because they’re associated with the significant risk of management override of controls and fraud); control account reconciliations (as a fundamental financial reporting control); and cash (due to the failures in the cash posting system and the significant backlog that arose). We estimate that this will take c3 months to complete

Phase 2 – this will comprise of detailed testing on all integrated and non-integrated systems. It will require substantive testing of transactions within those systems. We estimate as a minimum that this will take a period of 12 months to complete.

We have set out on the following pages an update on our progress re phase 1 of our work.

Financial statements audit - 2022/23 (continued)

Progress since last committee

We continue to progress our work on Phase 1 of the audit. We have undertaken the following work:

IT controls and security

We have concluded that:

Integrations - There is significant risk over the completeness of data from feeder systems, i.e. that entries posted were not complete or accurate. We note that there is a risk that the codes being posted to by the integrated feeder systems are incorrect, undermining confidence in the integrity of the data. The issue primarily impacts the balance sheet position (debtors, creditors, and cash). This is further compounded by the lack of audit logs which mean that a detailed review of the integrations cannot be retrospectively performed.

Segregation of Duties (SoD) – similar SoD issues exist in Oracle as were identified with SAP, although the extent of problems are more far reaching with Oracle Fusion. Previously, the audit team had the ability to drill down into the SAP transaction postings to understand the nature of the posting. Furthermore, SAP was stable in terms of the business processes being operated. This meant that the risk around excessive privileged access could be isolated to manual journals being posted to account balances and the integrity of system reports. As management descope the implementation of Oracle Risk Management Cloud as part of the original programme we do not have this ability in Oracle and it is not possible to review the actions of users (privileged or otherwise) as to whether there were any unauthorised changes to configurations, users, or data, since audit logs were not activated from the point of go live. This significantly increases the risk of error or fraud.

Financial Reporting – the Council has identified several issues with the reports generated from Oracle. This includes not appropriately restricting access to reports on personal data, i.e. schools were able to see the salaries of other schools in the area. We also note that a number of reports had not been built at all which restricted the effective monitoring of Oracle post go live. There is also significant uncertainty over the effectiveness of budget monitoring. The lack of regular budget monitoring at a granular level means that errors may not have been detected or have not been detected in a timely manner. As a result there is a significant risk that transactions are coded incorrectly, which carries a presentational risk to the financial statements to the face of the CIES, as well as the EFA and narrative report disclosures of the outturn reported to members.

Change in Key Personnel

Since the start of the programme, there has been significant turnover in personnel. Of the current staff, none of them were involved in original implementation. There is also a reliance on contractors. The Council's current focus is on fixing issues going forwards rather than addressing former problems (with the exception of significant transaction backlogs). The Council had a large team supporting SAP. The current Oracle team size is in flux as the Council are not sure what a stable Oracle solution looks like and therefore what sort of support they would need in place. It is also clear that the Council has not made the same level of progress in identifying to identify Subject Matter Experts (SMEs) within finance. Given the complex nature of the Council and the level of customisation that has been made to Oracle, the issues identified give rise to significant uncertainty over the effective operation of the standard and non-standard functionality within the system. This increases the risk of undetected error.

Financial statements audit - 2022/23 (continued)

Progress since last committee

IT controls and security continued

Scale of Unresolved Issues

Management have confirmed that they have not been able to go through all issues identified over last 12 months. There are a number of issues for resolution - some are small, and some are more fundamental. A significant amount of the system had to be adapted rather than adopted with non-standard Oracle functionality (such as custom extensions and integrations). BCC officers confirmed that the majority of non-standard functionality sits within finance. Given the complex nature of Council and the level of customisation that has been made to Oracle, the issues identified give rise to significant uncertainty over the effective operation of the standard and non-standard functionality within the system. If no retrospective review is performed, or the retrospective review is not performed at a sufficiently precise level of detail, it would be unlikely that substantive audit testing would be able to provide the level of assurance required.

Management override

Management in all organisations is in a unique position to perpetrate fraud because of management's ability to alter accounting records and override either system or manual controls. The audit team is required to perform audit procedures in response to this risk. This includes testing the appropriateness of manual or automated journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. As management desisted the implementation of Oracle Risk Management Cloud as part of the original programme this increases the risk of management override.

Conclusion

Segregation of duties, Change in Key Personnel and Scale of unresolved issues – due to these issues, and in particular the non-implementation of Oracle Risk Cloud and audit logs we do not consider that we can place reliance on the Council's IT control environment.

Management override - while it is unclear if there will be adequate documentation to support journals, we will identify whether this is in fact the case or not, by documenting our understanding of the controls and processes in operation throughout the period in respect of the journals environment. We note that management is currently undertaking its own substantive review of journals posted during the period, which we welcome. However, even if we were to gain assurance over journals, we do not consider that the risk of management override of control due to inadequate segregation of duties can be resolved or detected. We will consider the impact of this on our audit opinion once phase one is completed.

Financial statements audit - 2022/23 (continued)

Progress since last committee

IT controls and security continued

Conclusion continued

Integrations and Financial Reporting - We have identified the completeness and accuracy of the feeder systems as an issue that may inhibit our ability to gain the necessary assurance. In order to be able to identify if this is the case, we will:

- understand and document the procedures in place for control and holding reconciliations, for oracle, non-oracle and any integrated systems. We note that the processes and controls are likely to have changed throughout the 22/23 financial period to the date that our work takes place as issues were addressed. We will therefore need to document the changes along with supporting evidence, and test our understanding by walking through evidence of the controls and process in action throughout the period
- We will understand and document the procedures in place for performing bank reconciliations, including consideration of how cash is allocated to the appropriate account code. We are aware that there has been a backlog during the year in performing such bank reconciliations, and therefore again, we will need to document any changes to procedures along with supporting evidence. We will test our understanding by walking through evidence of the controls and processes in action throughout the period.

Data migration

The data migration programme moved transactional and master data relating to Finance and Procurement and HR & Payroll modules from SAP to Oracle. All transaction data that was posted into SAP up to and including 31 March 2022 was migrated by Egress, a third-party migration services, using automated data tools. As the Go live date on Oracle was set as 11 April, the project created a transitional plan for transactional postings between the year end and 11 April as well as subsequent adjustments during the year and at the year-end close process. These posting were manually migrated in three separate stages via a batch load.

Egress performed the reconciliations for all data loaded through automated methods. The nature of the checks included completeness and accuracy. Where Egress identified discrepancies in the automated data loads service tickets were raised and passed on to the Council's Subject Matter Experts (SMEs). SMEs had responsibility for closing off each service ticket.

Data reconciliations – we inspected the reconciliation trackers and approvals for the reconciliations. We did not identify any concerns re the completeness and accuracy of automated and manual data loads.

Resolution of data issues – through our inspection of data reconciliations and closure reports we identified that defects had been raised. At the time we were not provided with evidence to demonstrate how each defect was addressed as there was a lack of sign-off evidence from the Council's SMEs. Subsequently we have been provided with documentation demonstrating ongoing sign off and resolution tickets raised. We are currently considering this evidence.

Financial statements audit - 2022/23 (continued)

Progress since last committee

Data migration continued

Security roles and segregation of duties – as outlined earlier, we have been unable to obtain assurance regarding the segregation of duty conflicts in Oracle. As such, we have been unable to obtain assurance that data was not altered during the migration.

Conclusion

Due to the lack of evidence support the resolution of data migration issues and the lack of segregation of duties within Oracle Cloud we have been unable to gain assurance that the data migration is free of error or fraud. We are consider the additional evidence provided re the resolution of data issues.

Core processes

As outlined on page 11, we are currently documenting

- the procedures in place for control and holding reconciliations,
- the procedures in place for performing bank reconciliations
- the procedures in place for other key financial systems.

We plan to conclude this work by 31 December 2023.

We have begun documenting our understanding for the key financial systems of cash; journals; housing benefit, council tax and business rates expenditure; payroll; and property, plant and equipment. The work is still underway but initial findings indicate that there are processes that have been negatively impacted by Oracle and weaknesses that will need to be explored further to ascertain the level of additional substantive work that will be required.

We are waiting for information from officers in order to progress work in the areas of accounts payable, accounts receivable, revenue and grants.

Financial statements audit - 2022/23 (continued)

Progress since last committee

Summary

As outlined earlier, we do not assurance over IT controls and security, or with regard to data migration. Our work on controls is ongoing but indicates significant weaknesses.

We will report our full findings to members of Phase 1 of our work in January 2024. Phase 2, if undertaken, will take place across 2024.

At present, we consider that the risk of a disclaimed audit opinion is high.

Overarching VFM and additional powers

Equal Pay

Background

The Council's current Equal Pay (EP) agenda is one of the most significant challenges that any Council in England has ever faced. Previous historical EP claims at the Council have been significant (exceeding £1 billion) and, over the last year, we have become aware of factors that have arisen since 2017, that have driven further claims, with a value currently estimated by officers of up to £760 million.

Update – Job evaluation methodology

The Council has now put in place a Job Evaluation (JE) methodology. It is planning to implement a new pay and grading system by 1 April 2025. We have not taken any additional work on this matter since the last Audit Committee. We are currently reviewing the chosen JE methodology and the revised 2023 Addendum to the Job Evaluation Joint Principles Document.

Update – historical review

We have now commenced our additional work on the Council's governance arrangements in relation to the management of equal pay claims. The key lines of enquiry will be:

A high-level understanding of the historical context and a detailed understanding of the chronology of the Council's approach to single status job evaluations and the management of equal pay claims, and the effectiveness of the governance arrangements in place. This will include:

- how the Council's workforce strategy created the conditions for the subsequent level of equal pay claims.
- actions taken at the time of industrial action taken by the refuse service in 2017, the agreement of the Memorandum of Understanding with trade unions in 2021, and how the Council has managed the job evaluation options available over this period up to the extraordinary Council meeting held on 12 October 2023.
- following the onset of the COVID-19 pandemic, the changes to the waste services operational model, and how these changes have impacted on equal pay claims.

We are aware that the Local Government Minister Lee Rowley has written to the Council asking for an independent review of the Council's governance arrangements. We also note that the Centre For Governance and Scrutiny (CFGs) is concluding its independent governance review and we understand that it is shortly to issue its final report. We will take any relevant findings from the CFGS into account as part of scoping our work in this area..

Overarching VFM and additional powers

Financial Sustainability

Background

The Council has Earmarked Reserves of £383m and Unearmarked Reserves of £230m. These are available to the Council. Earmarked reserves have been set aside to meet particular liabilities, or for particular purposes. Unearmarked reserves are available for use.

Given the additional financial pressures of EP referred to in the previous slide of up to £760 million, the Council has recently put in place a series of cost control measures to help it to stay solvent in the short-term. However, a number of further financial pressures have also been identified, including the costs of putting right the Oracle financial ledger system issues referred to in the following slide. As a result, the Council's Finance Director (s151 officer) is giving active consideration to the adequacy of the Council's reserves and future sources of additional funding it is likely to be able to secure, to ensure that the Council continues as a going concern.

Should the Council exhaust its levels of usable reserves and be unable to generate sufficient funding to sustain its revenue expenditure commitments (through savings, additional Government support, permitted capitalisation direction and borrowing, or asset sales) then it would cease to be viable and would be in breach of its statutory duty to have a balanced budget, or the imminent prospect of one. This would trigger the s151 officer's statutory duty to report under s114 of the Local Government Finance Act 1988 and could also trigger a s5 report from the Monitoring Officer under the Local Government and Housing Act 1989.

Update

Our work in this area is complete and we plan to issue our draft findings to the Council in November 2023.

Overarching VFM and additional powers – Oracle

Background

The Council has experienced significant problems from the implementation of its new Enterprise Resource Planning (ERP) IT system, Oracle Cloud, leading to anticipated additional costs of (total costs of £100m compared to an initial budget of £38.7m as approved by Cabinet in March 2021). This has significantly impacted on the Council's ability to operate business-as usual activities, due to the workarounds and manual interventions needed to operate the system. Due to these issues the Council has been unable to produce

- An outturn position for 2022/23
- A set of financial statements for 2022/23.

We have been monitoring the issues associated with the Oracle Fusion implementation, and the plans and further investment required for this programme's completion. The programme is currently going through a process of re-planning and there is a risk that weaknesses in the governance and management of the programme present significant risks to the effective use of resources. Until these are resolved that the Council is at risk of not having adequate governance arrangements in place to ensure that it can effectively discharge its statutory responsibilities and maintain its financial sustainability.

We therefore determined that we need to undertake a review of the Oracle implementation.

Update

Our interim report on the current and future operations is part of the agenda for the 29 November 2023 Audit Committee. Our final report on the current and future operations will be issued in December 2023.

Our backwards looking review re the implementation of the Oracle ERP system is ongoing.

Other work necessary to conclude our Statutory Audits for VFM 2020/21-2022/23

Background

We have already undertaken, or have in train, substantial risk-based work in the areas that the National Audit Office (NAO) has prescribed under its Code of Audit Practice and supporting auditor guidance. So far, we have completed work supporting our Statutory Recommendations, that was considered by the Extraordinary Full Council Meeting of 12 October 2023 and have issued separate reports on its Oracle implementation and its Financial Sustainability (the latter currently with officers in draft). In addition, work has now commenced on the governance implications of the Council's management of Equal Pay in recent years.

Update

To fulfil our statutory audit responsibilities, we also have to consider the implications of the completed work the adequacy of the Council's arrangements across the three 'Code Criteria' defined by the NAO:

- Financial Sustainability
- Governance
- Arrangements for supporting economy, efficiency and effectiveness.

In addition, we also consider whether there are other relevant risks of significant weakness in arrangements, relating to the period of audit not yet covered by the work above. At this stage we are reflecting on two additional areas where further audit attention may be required – namely the recent progress of the Council's Highways PFI retendering and its response to the breaches reported by the Regulator of Social Housing. We will discuss our considerations with officers and will inform the Audit Committee, should we determine whether further work in these areas is necessary.

