

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE 21 FEBRUARY 2024

**MINUTES OF A MEETING OF AUDIT COMMITTEE HELD ON WEDNESDAY,
21 FEBRUARY 2024 AT 1400 HOURS IN COMMITTEE ROOM 3 & 4,
COUNCIL HOUSE, VICTORIA SQUARE, BIRMINGHAM, B1 1BB**

PRESENT:-

Councillor Fred Grindrod in the Chair;

Councillors Robert Alden, Shabrana Hussain, Meirion Jenkins, Miranda Perks and Paul Tilsley

ALSO PRESENT:-

Fiona Baldwin, External Auditor, Grant Thornton (Online)
Deborah Cadman, Chief Executive
Anthony Farmer, Head of Professional Standards
Fiona Greenway, Interim Finance Director & Section 151 Officer
Ed Hammonds, Deputy Chief Executive, Centre for Governance and Scrutiny (Online)
Andrew Hardingham, Independent Technical Advisor, Audit Committee (Online)
Dr Robert Milford, Managing Director, Milford Research & Consultancy Limited
Craig Price, Principal Group Auditor
Marie Rosenthal, Interim City Solicitor & Monitoring Officer
Mohammed Sajid, Assistant Director Financial Strategy
Mark Stocks, External Auditor, Grant Thornton
Philip Macpherson, Oracle Programme Director
Mandeep Marwaha, Committee Services

The meeting started at 1409 hours.

NOTICE OF RECORDING/WEBCAST

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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.

APOLOGIES

724 Apologies were submitted on behalf of Councillor Shafique Shah due to his inability to attend the meeting.

DECLARATIONS OF INTEREST

725 Councillor Tilsley declared his standing declaration. He was a Non-Executive Director for Birmingham Airport (Non-pecuniary).

EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC

The Chair referred to the minutes of the last meeting, 31 January 2024. Discussions took place in a private session and there was a private set of minutes. It was suggested this item would possibly move into a private session for discussion.

In addition, there were two possible exempt items for discussion under item 12 – Other Urgent Business. These issues related to the last meeting of the Audit Committee (31 January 2024).

Upon consideration, it was:

726

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 31 JANUARY 2024

727 The Chair referred to the minutes of the last meeting in two sections.

1) Public minutes – 31 January 2024

The public minutes of the meeting held on 31 January 2024 were agreed by the Committee as a true and accurate record of the meeting.

The Chair and Vice Chair thanked the Committee Manager and officers for accurate record of the meeting.

2) Private minutes – 31 January 2024

At this juncture, the Chair checked with the Interim City Solicitor and Monitoring Officer if aspects of the private minutes could be read into the public domain however, to hold a discussion on these in private session first.

The Interim City Solicitor and Monitoring Officer advised the Chair the Constitution did not allow the Committee to debate on the minutes. The Committee could only discuss the accuracy and related points of order on these. These were exempt minutes due to the nature of the discussions.

The Chair queried the process in which matters discussed in private session which were not exempt, legally privileged or met the Local Government Act 1972 to be placed back into the public domain. This had occurred previously in Audit Committee.

The Interim City Solicitor and Monitoring Officer suggested the Committee moved into the private session and decide if the minutes were accurate or not. In addition, she could then gain a better understanding of what sections of the minute was being referred to and which information the Chair wanted to place into the public.

On this basis, the Chair requested for all members of the press and public to leave the room and only the Committee Members and relevant officers remained in the meeting.

At 1418 hours, the Committee moved to a private session.

(Note: Minute 728 is in private)

RE-ADMITTANCE OF THE PUBLIC

729 At 1439 hours, following discussions on item 5, Audit Committee – 31 January 2024, the Committee moved back into the public meeting.

(The Committee moved back to Item 5 on the agenda)

MINUTES – AUDIT COMMITTEE 31 JANUARY 2024

The Chair informed the meeting that the Committee and agreed the accuracy of the exempt minutes of the 31 January 2024 meeting. The Chair had also moved a motion to move a section of the exempt minutes into the public meeting however, this motion was ruled 'out of order' by the Interim City Solicitor and Monitoring Officer. The advice provided was accepted.

Members were informed there were two items of urgent business which had been raised by the Chair and Councillor Alden. Both items related to the exempt minutes of the meeting on 31 January 2024 and would be discussed under item 12. At this juncture, the Chair circulated copies of the published letters which would be referred to for item 12 – other urgent business.

The Committee agreed the public and exempt minutes of 31 January 2024 were an accurate record of the meeting.

Upon consideration it was;

730

RESOLVED

The public and exempt minutes of the meeting held on 31 January 2024, having been previously circulated, were confirmed and signed by the Chair.

COMMISSIONER’S REVIEW AND COMMENTS ON THE AGENDA

The Chair highlighted the Commissioners were now providing comments on individual items and these will now be read ahead of each agenda item.

Upon consideration, it was:

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RESOLVED:-

The Audit Committee noted comments from the Commissioner would be provided under each agenda item.

ANNUAL GOVERNANCE & INTERNAL AUDIT PROCESSES

(For the purpose of the minutes and record, the comments made by the Commissioners on item 7 - Annual Governance & Internal Audit Processes were as follows):

“Commissioners support the recommendations. The Audit committee’s review of the Annual Governance Statement is an important safeguard of the financial and managerial integrity of the Council and Committee should ensure, in future, that it properly programmes the receipt of this document so that the gap that has occurred cannot happen again. It is also important that the annual self-appraisal of the Committees performance is undertaken as a learning and improving experience to better fulfil the required role”.

The comments from the Commissioners were accepted by the Committee.

The following document from the Interim Director of Finance, Section 151 Officer and the Interim City Solicitor & Monitoring Officer was submitted:

(See document No.1 of the agenda pack)

Introductory comments were made by the Managing Director, Milford Research & Consultancy Limited. The report brought together key aspects of the assurance process that informed the Annual Governance Statement (AGS). A new AGS would be brought back to the Committee. The last AGS came to the

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Committee on 28 April 2022, and it was highlighted this was a critical document for the Committee to be supportive of in order to understand the governance framework for the local authority.

A summary of the report was shared with the Committee with a particular focus on roles e.g. the New Corporate Governance Group to support in shaping the new AGS. Audit Committee had approved the terms of reference for the Corporate Governance Group at the November 2023 Audit Committee. Work with Internal Audit and timelines would be brought together as part of this work.

The Annual Letter from the Audit Committee to full council could also inform the AGS and the Governance Framework. Members were informed the next bitesize training session ahead of the next meeting would be a facilitated workshop to reflect on the work of the Committee. This would include the Annual Letter, the AGS process and when the final AGS to be shared with the Committee in June 2024. A Task and Finish Group had been established via the Corporate Governance Group to monitor this work. External Reviews would also be factored into this work.

(Note: Due to the number of questions raised by members, these have been grouped in a section within the minutes followed by responses by officers).

Members raised questions and made the following comments;

- Reference was made to the self-assessment of good practice and the questionnaire within this. It was queried how would this be implemented i.e. continually assessing/monitoring via the Audit Committee
- Concerns were raised around the timeline of reporting the Annual report to full Council (April 2024) and the training session for the Committee. It was suggested the timing of the Annual Report of Audit Committee to full Council would need to be reconsidered in future.
- The process of the AGS was referred to and the requirement for an AGS, for every year of a closed audit. The report presented referred to 2023-2024 however, 2022-23 accounts had to be legally compliant. This would have to be factored into the work.
- Concerns were raised around membership and support for Audit Committee. Audit Committee consisted of limited elected members. The skills and knowledge were important to appointments made to the Committee. It was noted the training schedule for the Members was important and would raise the knowledge for Committee Members.

In response to members questions, the Managing Director, Milford Research & Consultancy Limited and the Chair made the following points:

- Self-assessment should look back at what had been achieved by the Committee by using the questionnaire to inform discussions. The Audit Committee could have their own action plan on what areas they would need to develop upon.
- The Annual Report of the Audit Committee was postponed from the February to April City Council Meeting due to the timescales. The Independent Technical

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Advisor to the Audit Committee was currently drafting the report with the Interim City Solicitor and Monitoring Officer.

- Initial discussions on the Annual report to City Council would take place on 20 March bitesize training session. The Annual report would feed into the draft AGS process.
- An appropriate AGS would be available for the relevant financial year. Information would be gathered for the 2022-23, 2023-24 and 2024-25 AGS.
- The training schedule was key to expand on Members skills and knowledge.
- The new Terms of reference for the Audit Committee referred to the CIPFA Position Statement around Members to be trained to serve on the Audit Committee.

The Principal Group Auditor gave a summary of the Internal Audit process including a risk-based plan. A 6-month plan would be set, and this would be continually reviewed and updated. The initial focus of the Internal Audit Plan would be on the Stabilisation Plan, Implementation and recovery plan, savings, delivery and address significant governance issues raised by the External Auditors. In addition, this would support in the development of the AGS. The Risk Management Rebuild was key to provide greater in-depth visibility on risk including high risk work. Further details on the Internal Audit functions was shared with the Committee.

In summing up, the Chair highlighted he valued the work of the officers on the area of improvements in particular setting up the Corporate Governance Group. The Chair wanted to explore what the Audit Committee could have done better, learn from and improve on in the future as part of the self-assessment work. The Chair welcomed the Corporate Governance Group to support the Audit Committee's work.

Upon consideration it was;

732

RESOLVED:-

That the Audit Committee;

- (i) Supported the Corporate Governance Group and the methodology for the creation of the Annual Governance Statement (AGS).
- (ii) Noted the Audit Committee's Annual Letter to inform the AGS review.
- (iii) Noted the Audit Committee members to attend a specific facilitated review workshop in March to compile their letter, using CIPFA tools and questionnaires as necessary to aid in this process.
- (iv) Supported the action plan arising from the AGS review; and
- (v) Supported the Internal Audit Plan methodology to provide assurance over the significant governance issues and their assurance role over the creation of the AGS.

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At this juncture, the Chair raised for a point of order in relation to the exempt minutes of the meeting on 31 January 2024. It was noted that exempt minutes of the meeting were not available on CMIS. The Chair requested for this to be

corrected as soon as possible and a copy for the exempt minutes published to all Councillors.

The Interim City Solicitor and Monitoring Officer advised that exempt minutes must be published to all members of the Audit Committee. The exempt minutes would be available upon request on a 'need to know' basis for other Members not serving on the Committee.

STABILISATION PLAN MONITORING ARRANGEMENTS

(For the purpose of the minutes and record, the comments made by the Commissioners on item 8 – Stabilisation Plan Monitoring Arrangements were as follows):

“Commissioner Review The response and actions to the Centre of Governance and Scrutiny (CFGs) report are a fundamental element of the Improvement and Recovery Plan required by the Directions. Regular updates will need to be reported to both the Improvement and Recovery Board and Full Council”.

The Chair was grateful for Deputy Chief Executive, Centre for Governance and Scrutiny for joining the meeting online.

The following document from the Interim City Solicitor and Monitoring Officer was submitted:

(See document No.2 of the agenda pack)

Introductory comments were made by Interim City Solicitor and Monitoring Officer. Members were informed the report outlined the monitoring arrangements for the Stabilisation Plan. Members were reminded an Independent Review of Governance for the Council was commissioned last year. This was reported to Cabinet on the 12th of December 2023. The Interim City Solicitor and Monitoring Officer was overseeing the delivery of the Stabilisation Plan.

This was a 6-month set of recommendations and activities to stabilise the governance of the Council. There were 13 recommendations with around 47 streams of activity taking place. The Deputy Chief Executive, Centre for Governance and Scrutiny would be supporting some of these activities to Scrutiny Committees.

It was highlighted, the Council was currently in month 2 of the plan. Reporting would take place to the Corporate Leadership Team, Improvement Recovery Board and to Council on the successful delivery of the recommendations and activity. Further details around the Improvement and Recovery Plan were provide to the Members.

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The Committee were informed there were currently two recommendations that was 'amber' rated. These related to the Risk Management Framework and strengthening of the Audit Function.

The Deputy Chief Executive, Centre for Governance and Scrutiny gave a summary of some of the issues that had been identified including culture, behaviours, financial management, oversight on Oracle and Equal Pay, opportunities that some systems in place were not efficient, accuracy of information, effective challenge, capability, and capacity of Members. It was highlighted any improvements made to the Audit Committee in isolation would not overcome the broader issue. This was a systemic issue across the organisation.

(Note: Due to the number of questions raised by members, these have been grouped in a section within the minutes followed by responses by officers).

Members raised questions and made the following comments;

- The Centre for Governance and Scrutiny Report (CFGS) and Stabilisation Plan was not included in the agenda pack however, Members had received the documents prior to the meeting.
- The CFGS report highlighted serious challenges for the Audit Committee in which the Committee had reflected upon.
- It was noted there was a culture and behaviour issue across the organisation.
- Oracle implementation – The former Director of Finance was challenged on issues 12 months ago on this area. Members felt there should have been openness and honesty to share information. Culture came from the top of the organisation.
- Questions were raised on how the Audit Committee could have changed the situation with Oracle especially with the lack of information and being part time representatives on the Committee.
- There was a longstanding issue where the Council never had ownership across the organisation. Regular updates should go to full Council with the correct time to debate.
- The report shared with Audit Committee and Cabinet was difficult to understand i.e. what the Council viewed the role of the Audit Committee to be and the general role of Audit to the plan. The Stabilisation Plan should be linked to the Annual Governance Statement.
- Point 3.5 of the report - Monthly milestones to be developed – timelines should be indicated on the document to gain a better understanding how this was being tracked.
- Point 3.7 & 3.8 – CLT and Cabinet progress reports – it was questioned where else the progress report were going and how would this be shared with the wider Council.
- It was questioned if officers were satisfied with the Stabilisation Plan and monitoring arrangements.
- Reference was made to the implementation of Oracle in the report and the extent of the customisation. This was noted as an area where recruitment was not taking place. There was a lack of Oracle expertise in

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house. Members questioned how much more investment was required to fix a system and if a decision had to be made to stop this altogether.

- Further comments were made around the oversight and the role of the Audit Committee. It was queried who had ultimate accountability for delivery of the savings.
- Members trust with officers was very low and this had to be rebuilt.
- Detailed discussions took place around the Member, officer protocols.
- Reference was made to the Audit Committee being misled to the information provided and the linkage of the disciplinary process and issues around misleading information.
- Queries were raised on how the milestones were worded and graded i.e. was the grading being judged before the deadline through the year (6-month period).

In response to Members questions, Interim City Solicitor and Monitoring Officer, Deputy Chief Executive, Centre for Governance and Scrutiny made the following points:

- The detailed monitoring arrangements documents would be shared with the Committee. There were 47 activities taking place with an owner assigned and a set of milestones, risk rating over the 6 months plan.
- A Members survey would be launched to inform a new Member, officer protocol. This will be reported to the Standards Committee in March 2024.
- Oracle skills and capability – The organisation should be recognising when there was a skills and knowledge gap. In addition, alternative insights, and perspectives to be explored. It was highlighted the Council were unwilling to accept the failure of the system. Officers should be able to escalate matters. There should be clear lines of accountability and responsibility.
- There was an active risk register for the Programme, and the Interim City Solicitor and Monitoring Officer would have oversight on this. The level of monitoring would be shared with Members of the Committee.
- The Deputy Chief Executive, Centre for Governance advised that the Audit Committee, could “credibly assert” that they had, in the past, been misled based on the historic issues highlighted in the report. It was explained that these historic instances of members having been misled may have taken two forms. There may have been deliberate attempts to keep things from members, and there may also have been negligence – in as much as that senior officers were reliant on assurances given by other staff, that they should not have accepted, and that they provided information to members based on these assurances.
- The two ‘Amber’ ratings recommendations in the Stabilisation plan were related to: i) Recommendation 7 (support to Internal Audit, Audit Committee and links to Overview and Scrutiny) and ii) Recommendation 8 (new risk and management information with member accountability). Details of the monitoring arrangements was outlined. All other recommendations were on a ‘green’ rating. If the evidence was not available to support the recommendation having a ‘green’ rating, it would not be moved to this status.

Upon consideration it was;

734 **RESOLVED:-**

That the Audit Committee;

- (i) Noted the arrangements in place to monitor the delivery of the Stabilisation Plan; and
- (ii) Agreed for the Interim City Solicitor and Monitoring Officer to share the monitoring arrangements documents with the Committee and 'reporting by exception' documents if key milestones were not met.

MANAGEMENT RESPONSE TO EXTERNAL AUDITORS UPDATE ON ORACLE

(For the purpose of the minutes and record, the comments made by the Commissioners on item 9 – Management response to External Auditors Update on Oracle were as follows):

“Commissioners welcome the aims and ambition of the Council to manage the recommendations in this report, however in the recent past the Council has not demonstrated the ability and capability to deliver on such aims. Commissioners will want updates as the Council works to deliver these recommendations, to ensure that the Council sets out the missing details from this report. These responses will need to be turned into a more detailed action programme with target dates and responsible officers. Oracle recovery is one of the fundamental elements of the required Improvement Plan and will be reported via the Improvement and Recovery Board.”

The following document from the Interim Director for Finance, Section 151 Officer was submitted:

(See document No.3 of the agenda pack)

Introductory comments were made by Interim Director of Finance, Section 151 Officer. Members were notified the Interim Director of Finance was the new Senior Responsible Officer for Oracle as well as her current role as the Interim Director of Finance. At the 31 January meeting, the Committee received a comprehensive report from the External Auditors outlining recommendations. A full review of the recommendations had been undertaken and all had been accepted with a management response. The Commissioners comments had been accepted around a detailed plan and programme.

The main issue highlighted to the Committee was to agree an income management system through a procurement process as there was a number of risks attached to manual work currently being undertaken around Cash allocations.

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The Oracle Programme Director gave an overview to the report. He highlighted the approval and assurance work on the programme would now be joined up by looking at the three stages on controls (1st, 2nd and 3rd). The recommendations highlighted within the appendix had been built into a tracker. *(Note: Due to the number of questions raised by members, these have been grouped in a section within the minutes followed by responses by officers).*

Members raised questions and made the following comments;

- Questions were raised around the project plan for the implementation of Oracle. These consisted of; i) How many consultancy days would be expected between now and go live and reimplemented system. ii) It was raised at what point does a decision be made to stop the reimplementation and look for another solution.
- Reference was made around Councillor Jenkins expertise within ERP systems, and this was turned down by the previous City Solicitor and Monitoring Officer. The costs to date on Oracle was raised and Members had to make a collective decision going forward.
- Members welcomed the External Auditors view on the Management responses shared with the Committee to their report.
- Concerns were raised around the wellbeing of the Interim Director of Finance, Section 151 Officer as she was managing two key areas; The Budget and Oracle for the Council. Questions were raised around additional support as Members felt this was a risk.
- Councillor Alden proposed an additional recommendation to the report i.e. for the detailed plan to the Management Response to be available by a certain timeframe to report back to the Committee. The Chair supported this and referred to the milestones in earlier discussions. Members would like to see tracking on both areas (Stabilisation Plan and Management Response to External Auditors Update).
- A further question was raised around the options work on Oracle and if this was the same as the previous version and if this was being updated or new altogether.
- The timescales for the completion of the BRS system was queried and if officers were comfortable the resource in place for manual intervention until the next financial year was sufficient to deliver the budget saving and collection fund.
- Members raised queries to the original 3 phase proposals shared with the Committee on Oracle; 1) Safe and Compliant; 2) Stabilisation and 3) Optimisation.
- It was highlighted there were two decisions to consider in relation to Oracle; 1) Reimplementation of the existing Oracle system and 2) Decision to be made if this reimplementation was the right decision and other system should be considered. These decisions need to be considered by Cabinet and a process to get to this place.
- Members recognised Oracle were now providing support to the Council to rectify the situation.
- A copy of the old options appraisal to be shared with the new options for Oracle to see the change over time.
- Reference was made to the narrative in the External Auditors report which was shared at the last meeting. It was highlighted this had not

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been captured within this response report presented at the meeting.

Key areas referred to were:

- 1) Retention of Finance Staff – High Level of turnover for senior officers
 - 2) Fatigue within the finance team
 - 3) Dissatisfaction with Senior Management culture.
 - 4) Design aspect of Oracle
- Exit interviews and reasons for leaving had been linked to reasons for staff turnover.
 - Councillor Alden was both an observer on Cabinet and now a Member of Audit Committee. He highlighted that when reports came to Cabinet on Oracle, concerns were raised by Members however, the responses from Officers were often dismissive. The Chair requested for a report looking at the concerns raised by Members and Officers looking back at Cabinet meetings to understand if these concern were answered effectively.
 - The Chair requested for options appraisal documents to be shared with the Committee. This would be circulated outside of the meeting.
 - Assurances were requested from Officers around GDPR and if the Council was confident the safe and compliant phase has been met.

In response to Members questions, Oracle Programme Director, Interim Director of Finance, Section 151 Officer, External Auditor, and the Chief Executive made the following points:

- Details around the number of consultancy days for the Oracle reimplementation could not be specified by Officers. Recruitment in capabilities had to be undertaken and assess how much of the implementation of Oracle could be used and how much needs to be rebuilt altogether. The aim was to get this work done as soon as possible. Estimates had been placed into the budget which would be looked at. Further information on this would be provided to the Committee.
- The Oracle Programme Director was not attached to the Oracle company. He was independent and supporting and fixing the problems with the Oracle Programme. Officers requested for some time to gather information before shared with the Committee as this had been recently taken over by the Section 151 Officer and the Oracle programme Director. More funds had been built into the budget around costs. The next level of detail would be shared with the Committee by the next meeting. This assurance had been given to the Commissioners and subsequently the Audit Committee.
- Options analysis work was taking place around the case for reimplementation. Officers welcomed Councillor Jenkins engagement outside of the Committee due to his expertise and knowledge in this field.
- The Section 25 statement which was going to Cabinet informed on the ERP system. Work was taking place with the Director of HR, Section 151 Officer, and Oracle Programme Director to ensure the data was correct. The decision to reimplement the Oracle system had not been made. This would need to be shared with Cabinet alongside the costs associated. This would be shared with the Audit Committee in line with governance and assurance oversight.

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- Councillor Jenkins would be invited to provide commentary and challenge to the ERP reimplementation work. The informal feedback would be shared back to the Audit Committee via Cllr Jenkins.
- The External Auditors noted the comprehensive response and a decision had to be made on reimplementation or moving away from this system. The key issue the External Auditor was around how the Council functions whilst a decision was being made. A new bank reconciliation system had to be in place. By the 1 April 2024, any workarounds must be functioning and auditable in order for the External Auditors to give an opinion.
- The Interim Director of Finance, Section 151 Officer highlighted the delivery of the budget was everyone's responsibility and the impact of this would be reported via the Interim Director. The Commissioner had regular checks with the Interim Director of Finance, Section 151 officer. There was a team supporting the Interim Director on Oracle. Details of the team around the programme was shared with the Committee. Assurance was provided to the Committee that this risk was indicated on the Finance Directorate risk register and raised by the Commissioners every week.
- Options appraisal was previously done however, this time figures and detailed work would be explored to the up-to-date version. This would be a build on previous work.
- The Director of Finance, Section 151 Officer gave an update to the manual interventions, recruit the option to get more support in the area.
- It was noted in relation to Oracle, Birmingham was still in the stage 1, Safe and Complaint phase and a new team was in place to tackle this work led by the Interim Director of Finance, Section S151 officer and the Oracle Programme Director.
- Details around the Oversight Board was provided to the Committee. Governance and process was in place to look into Oracle. The Oversight Board consisted of the Leader, Deputy Leader, Cabinet Members for Finances and Resources and Digital, Culture, Heritage, and Tourism where fortnightly meetings took place. A draft report would be shared with Cabinet in due course.
- A summary was provided on the queries raised by the Chair on level of turnover. It was noted there were several interim staff in the Oracle Programme. The wellbeing of all staff was important across the Council. An organisation had been brought in to assist with the wellbeing of staff. The workforce plan for improvement would look at areas of personal development and progression.
- Managers undertake exit interviews, and this information would need to be gathered to identify common themes – proposed this would be undertaken by HR.
- The Chief Executive referred to the Commissioners Oversight Board. The Commissioner with the Lead for Oracle had agreed to refocus the Oracle Programme and the Section 151 Officer would undertake the SRO role for Oracle if there was the right professional and managerial support. The SRO for Oracle previously was the previous S151 Officer. There was a period where an emergency arrangements the gold (Chair by the Chief Executive), silver and bronze arrangements were placed and reported to Members Oversight Board.

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- Further details around the reporting on Oracle was shared by the Chief Executive. The Programme Management for Oracle reported to Cabinet and bi-monthly to CLT.
- The Chief Executive requested for time to reflect on the timeline for reporting to Cabinet and the minutes and actions taken.
- Officers were not confident the Council was in the safe and compliant phase with GDPR and this would be reported back to the Committee.

735

RESOLVED:-

That the Audit Committee;

- (i) Noted appendix 1 of the report including the management responses to each of the recommendations.
- (ii) Noted the detailed plan outlining the milestones to the management response to be reported back to the committee.
- (iii) An update report to be provided to the Committee looking at the concerns raised by members and officers in Cabinet meetings around Implementation of Oracle to understand if questions and concerns were answered effectively.
- (iv) Previous and new options appraisal documents to be circulated outside of the Committee.
- (v) Councillor Jenkins to provide feedback to the Audit Committee on commentary and challenge to the ERP reimplementation work; and
- (vi) Agreed for an update to be provided Safe and Compliance on GDPR.

SCHEDULE OF OUTSTANDING MINUTES

Minute 575 (ii) - 28/03/2023; 577 (vi) - 28/03/2023; 603 (iii) - 28/06/2023 – Milford Research & Consultancy Limited to incorporate into the bitesize training sessions for the Committee. Remain as ongoing work.

Minute 678 18/10/2023, 679 18/10/2023 – response required from officers.

Minute 679 18/10/2023- risk & hidden/missing children – officers to provide Councillor Hussain a response.

At 1641 hours, Councillor Jenkins left the meeting.

Minute 691 29/11/2023 – Corporate Governance Group Assurance Report – The first meeting of the new Corporate Governance Group took place 16/01/2024. The agenda for the next meeting has been agreed and scheduled to take place 07 February 2024. The Corporate Governance Group will be looking at the Annual Governance Statement - ***Completed & Discharged***

Minute 691 29/11/2023 - Guidance on access to information will be shared at the 20 March 2024 meeting.

Minute 692 29/11/2023 – Internal Audit Update - Updates will be provided as part of the report on 31 January 2024 agenda – Internal Audit Plan update.

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Updates were provided at this meeting (21 February 2024 meeting) – Audit Plan Methodology Report - **Completed & Discharged.**

Minute 693 29/11/2023 – Internal Audit Recommendation Tracking – to be shared at the next meeting.

Minute 694 29/11/2023 – Annual Counter fraud Report - Officers to respond additional outstanding actions noted by the Committee.

Minute 695 29/11/2023 – Finance Update - Officers to respond additional outstanding actions noted by the Committee.

Minute 696 29/11/2023 – External Auditors Update - Officers to respond additional outstanding actions noted by the Committee.

Minute 709 31/01/2024, 711 (Private) 31/01/2024, 714 31/01/2024, 715 31/01/2024, 716 31/01/2024, 717 31/01/2024 – outstanding actions.

Minute 717 31/01/2024 – (iii) full response to the final report on Oracle from the External Auditors will be shared at the next meeting of the Committee - **Completed & Discharged.**

It was noted the several items were removed off this meetings agenda by the Commissioners however, the Corporate Governance Group to track the actions and timeline these back into the meetings for response.

All completed and discharged actions will be removed from the schedule and outstanding actions. Outstanding actions will be followed up by officers.

736 **RESOLVED:-**

That the Audit Committee noted the schedule of outstanding minutes.

737 **DATE OF THE NEXT MEETING**

The next meeting was scheduled to take place on Wednesday, 20 March 2024 at 1400 hours in Committee Room 3 & 4, Council House.

738 **OTHER URGENT BUSINESS**

The Chair notified the Committee there were two items of urgent business which were related to the private minutes of the last meeting (31 January 2024).

Based on the discussions at the last meeting, the Chair had discussed matters with the Vice Chair and the Independent Technical Advisor of the Committee and decided to write a public letter. The letter was handed out to Committee Member at the meeting. The letter was addressed to the Leader of the Council

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on the equal pay announcement and the press release of the £760 million equal pay figure. The Chair read out the letter in public and requested the contents to be included in the minutes of this meeting:

The letter read:

Thursday 1st February 2024

**Cllr John Cotton
Leader of the Council
Birmingham City Council
The Council House
Victoria Square
Birmingham B1 1BB**

Dear John

Equal Pay Announcement

I am writing with significant concern following on from a discussion that occurred in the private session of January's Audit Committee, which took place on the 31st January 2024.

In that discussion the Interim City Solicitor agreed with my statement, that putting the equal pay liability figure of £760 million in the public domain before it had been externally validated, had increased the council's equal pay risk.

I asked the Chief Finance Officer, Fiona Greenaway, how the figure came to be published in a council press release and statement, and who had authorised this happening. The Chief Finance Officer replied stating that she had not known about the press release and had not been involved in the authorisation of it, prior to its publication.

I then asked the same question to the Chief Executive, who replied in a similar manner, denying she had authorised the press release announcing the figure. When I pressed further by asking who then had authorised the Council communications team to put this information out, the Chief Executive stated that she 'had no knowledge' of the release, had not approved it and that it must have been the Leader of the Council who had done so.

I am incredibly concerned about this information, as it could be inferred from what the Chief Executive has said, that you, as Leader, acted to put the equal pay liability figure into the public domain, without the involvement or advice of the Chief Executive or Chief Finance Officer, thereby putting the council at increased risk.

Please can you explain why this decision was taken and your understanding of how this figure was put into the public domain.

I look forward to your response.

***Cllr Fred Grindrod (Bournville & Cotteridge Ward)
Chair, Audit Committee***

Cc: Cllr Paul Tilsley, Vice-Chair, Audit Committee

Permission had been granted by the Leader to read his response in public. The response email from the Leader of the Council was as follows:

Dear Fred,

Thank you for your letter and offering me the chance to furnish you with further information.

I did not authorise the release of the figure related to equal pay unilaterally, it was recommended to me. This position was endorsed by the Council's Statutory Officers.

I have copied in the Chief Executive so she can reply with relevant meeting notes, strategy documents and communications prepared for staff and partners, as appropriate.

I believe it would be helpful to engage directly with the Chief Executive on this matter.

Best wishes,

John

***Councillor John Cotton
Leader of Birmingham City Council
Labour & Co-op Councillor for Glebe Farm & Tile Cross Ward***

Cc: Cllr Paul Tilsley, Vice-Chair, Audit Committee, Deborah Cadman, Chief Executive

The reply from the Chief Executive was marked strictly private and confidential and legally privileged, therefore the Chair proposed to the Interim City Solicitor and Monitoring Officer to move into a private discussion to discuss this response. This was agreed by the Interim City Solicitor and Monitoring Officer. This was agreed by the Committee.

At 1649 hours, the Committee moved to a private session.

(Note: Minute 739 is in private)

RE-ADMITTANCE OF THE PUBLIC

740 At 1707 hours, following discussions on item 12, Other urgent business, the Committee moved back into the public meeting.

(The Committee moved back to Item 12 on the agenda)

741 **OTHER URGENT BUSINESS**

Urgent business that had be raised with the Chair had been dicussed in the private session. The Chair was grateful to the Committee for this.

AUTHORITY TO CHAIRMAN AND OFFICERS

742 **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 1708 hours.

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CHAIR