

Audit Committee Annual Report to Council

Foreword by the Chair

Audit Committees play an important role in the good governance of an authority. Best practice guidelines published by the Chartered Institute of Public Finance and Accountancy (CIPFA) recommend that Audit Committees publish an annual report to maintain transparency and accountability, account for its performance, explain its work and set out the assurance that has been received.

This report summarises the work of the Audit Committee completed between September 2022 and March 2024. The reporting period has been extended to bring the annual report into line with the Council's other key reporting periods, particularly the annual fiscal cycle. It describes the purpose and core functions of the Council's Audit Committee and summarises the assurance activities undertaken; this includes:

- Assurance Statements and Governance
- Risk Management
- Receiving reports from the Local Government Ombudsman
- Internal Audit and Counter Fraud
- Financial Reporting, External Audit, Inspection and assurance

During the year two exceptional items of business were reported to and discussed by the Committee. These related to the failed Oracle ERP system implementation and the Equal Pay claim.

The Purpose of the Audit Committee

The Audit Committee is a key component of the Council's governance framework. Its purpose is to provide an independent and high-level review and assurance role to support good governance, risk management, control arrangements and sound public financial management.

In November 2023 the Committee received a report setting out amendments to the Terms of Reference (ToR). The ToR ensures the Audit Committee is operating to the latest best practice and provides reference for both Members and Officers to ensure appropriate focus of reports for the Committee.

The Committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk management and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control provides greater confidence to all those charged with governance that those arrangements are effective. The Committee has an important role with respect of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability. The amended ToR of the Audit Committee are set out for reference in Appendix 1.

The purpose of the Committee is set out in the Terms of Reference under the heading purpose paragraph 14.1:

“The committee’s purpose is to provide an independent and high-level focus on the adequacy of governance, risk management and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control provides greater confidence to all those charged with governance that those arrangements are effective. The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability”.

In summary the Committee’s role is to challenge, assess and gather assurance from within the council and external agencies, on the level and quality of internal control and risk management processes in place to ensure that Council objectives are met.

Recommendations

1. That the Council are asked to endorse the new approach to the production of the Annual Governance Statement ensuring that the Committee are able to fully contribute to its development and that the statement becomes the foundation upon which the work of the Committee is built.
2. That the Council to support the ongoing development of the Committee recognising that this is not a quick fix but a journey of development.

Introduction

The period since the last annual report to Council has been one of the most difficult faced by the Committee in terms of seeking assurance regarding mitigating factors to the major risks faced by the Council alongside seeking assurance regarding good governance practices. However difficult the issues faced, the Committee has reached out to seek support and has now established a development programme to sit alongside refreshed terms of refence and a new governance group. The Committee is now well placed to move forward into the next period.

This report covers an extended 18-month period from September 2022 to March 2024 primarily to bring reporting into line with other annual fiscal reporting cycles. During this period the committee met on 15 occasions. Two of those meeting were extraordinary meetings. A further two meetings were cancelled.

Membership

The Audit Committee is made up of 8 non-executive councillors appointed to reflect the political balance of the Council. The Chair of the Committee is Councillor Fred Grindrod, and the Vice Chair is Councillor Paul Tilsley.

The table below sets out attendance details of those who are/have served as members of the Committee.

	20 Mar 2024	21 Feb	31 Jan	29 Nov 2023	18 Oct	6 Oct **	27 Sep	15 Sep **	19 Jul
Grindrod	POSTPONED	X	X	X	X	X	X	X	X
Tilsley		X	X	X	X	X	X	X	X
Perks		X	X	X		X	X	X	X
Hussain				X	X		X	X	X
Shah					X			X	
Jenkins		X	X		X		X	X	
Alden		X		X					
Lines									
Kurt-Elli									

	28 Jun	16 May 2023	25 Apr	28 Mar	14 Feb	13 Jan	22 Nov 2022	18 Oct
Grindrod	X	X	POSTPONED	X	X	X	X	X
Tilsley	X	X		X	X	X	X	X
Perks	X	X		X	X	X	X	
Hussain		X			X		X	X
Shah	X			X	X		X	
Jenkins	X	X			X	X	X	X
Lines								X
Khan		X		X	X	X	X	

** DENOTES EXTRAORDINARY MEETING

The lack of and irregular attendance by some members has impacted on the breadth of perspectives and challenge. The Committee are keen for Full Council to support the ongoing development of the Committee recognising that this is not a quick fix but a journey of development.

Advisors to the Audit Committee

The Committee has appointed Andrew Hardingham, a former s151 Officer to be its technical advisor. Rob Milford of Milford Research and Consultancy Limited has been retained to provide training and development support to the Committee.

Training and Development

A structured programme of training and development has been provided for the Committee to complement its annual work plan. This has consisted of training sessions being scheduled to take place before each Committee Meeting. The Committee have also reviewed CIPFA's "Audit Committee Practical Guidance for Local Authorities and Police 2022" to complete a self-assessment to measure the impact and effectiveness of the Committee.

Assurance Statements and Governance

The Annual Governance Statement (AGS) should be the cornerstone upon which the work of the Committee is based. Local authorities are required to prepare an annual governance statement to publicly report on the extent to which they comply with their own code of governance.

The process of preparing the AGS should in itself add value to the effectiveness of the governance and internal control framework. Due to a number of factors including the delay in presenting the statement of accounts for 2023/24 the Committee has not received and therefore not been able to comment on and influence the AGS. This has been recognised as a governance failure and is therefore an issue the Committee is seeking to remedy. The Centre for Governance and Scrutiny (CfGS) highlighted this as an area of work that needed to be addressed.

At the meeting on 21 February 2024 the Committee received a report setting out the recommended approach to updating the AGS, including the internal audit plan methodology. This methodology recognised that the Audit Committee had not had opportunity to review an AGS, and consequently the local Code of Corporate Governance and its effectiveness, since 28th September 2022. The AGS presented at that time was a review reflecting the financial period of 2021/22. The next AGS needs to include the significant governance issues identified in the independent Governance Review conducted by the Centre for Governance and Scrutiny during 2023 and the successful delivery of the Stabilisation Plan recommend by the Governance Review. It also needs to include the issues that led to the appointment of Commissioners, the publication of the statutory S114 and Section 5 Notices and the External Audit Statutory Recommendations. The AGS will also include output from the internal audit function, usually in the form of the Head of Internal Audit's annual opinion report, which will be informed by a risk-based internal audit plan.

It is proposed to separate the preparation of the AGS from the preparation of the annual statement of accounts to ensure that the AGS becomes the foundation of the Committees work and drives the agenda going forward. It is therefore recommended that the Council endorses the new approach to the production of the AGS ensuring that the Committee are able to fully contribute to its development and that the statement becomes the foundation upon which the work of the Committee is built.

Risk Management

The Committee's key risk management role is to provide assurance on the adequacy of the Council's Risk Management Framework (RMF) and the associated control environment by reviewing the mechanisms for assessing and managing risk. The Committee has received regular updates on the RMF (November 2022, February 2023, July 2023, October 2023 and January 2024).

The Centre for Governance and Scrutiny (CfGS) reported that *"While the authority's corporate systems and approaches for assessing risk, and escalating concerns, have been poor, there has also been a lack of curiosity on the part of members on risk issues, and a lack of proactivity in articulating basic expectations of what members' strategic roles should be in respect of risk management."*

In January 2024 it was reported to the Committee that a programme of work had recently begun to address both the observed and reported shortcomings, and also some industry recognised improvements that will improve the risk management maturity and sophistication of Birmingham Council. This work has commenced against a backdrop of multiple significant events and external recommendations by both external and internal partners such as Milford Research & Consultancy, KPMG and the Centre for Governance & Scrutiny. Under the new Audit Committee Terms of Reference, there is a clear remit for the Committee to have oversight of both the overarching Risk Management system and systems to manage risks within directorates/service areas, but also those services that look to provide assurance over the mitigation strategies, actions and controls in place to manage those risks, e.g. Internal Audit.

The Committee welcomed the refresh and approved the risk management rebuild programme recognising that the work will need to bed in over the next twelve months as the three phases to the programme are implemented. The embedding of new processes and procedures is critical not just to the attitudinal, behavioural and cultural aspects of risk aware organisations but fundamentally essential to the development of the Committee. During this reporting period, the Committee found that the RMF was somewhat lacking in its timeliness thereby reducing the effectiveness. The Committee found deficiencies with the risk register with major risks (Equal Pay and Oracle) not being added until the “risks” had become “issues”.

Local Government and Social Care Ombudsman and the Housing Ombudsman

In line with the original terms of reference the Audit Committee receive reports from the Ombudsman and monitor management responses. Complaints should be used to highlight areas where controls may be failing and therefore used to influence service improvement. Reports were received in January and March 2023, concerning assisted waste collection, temporary accommodation and respite support for disabled. In February the committee received the Local Government and social Care ombudsman and the Housing Ombudsman annual review. The Committee noted the acceptance of the Ombudsman’s recommendations and that a series of detailed actions had been carried out as a consequence.

Internal Audit and Counter Fraud

One of the Committees key roles is to review and monitor the work of Internal Audit. The Public Sector Internal Audit Standards (PSIAS) set out the requirements for internal audit. The Accounts and Audit Regulations 2015 state that local authorities must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. In June 2023 the Assistant Director Audit and Risk Management was due to present the annual report but the Committee deferred until the next meeting. However, the report has not been scheduled since. During the reporting period the Committee received regular reports providing updates on the progress of delivering the Audit Plan. At times the Committee found it difficult to understand and follow the development of the Plan. To help improve the plan using a risk-based approach, and to improve monitoring and reporting the council have contracted with Dr Rob Milford and Associates.

Financial Reporting, External Audit, Inspection and assurance

This area of work covers external providers of assurance including external audit, which is the key external provider of assurance for financial stewardship and accountability. The Committee has a duty to scrutinise the Council's financial and non-financial performance, to the extent that it affects the Council's exposure to risk and the control environment and to oversee the financial reporting process.

During the year the committee received reports, written and verbal from the Councils external auditors (Grant Thornton), detailing their work plans and progress they have made. Updates were received in January 2023 regarding the 2020/21 and 2021/22 accounts. It was noted that progress had been made on the audit of financial statements for both outstanding years.

In March 2023 Grant Thornton issued their Audit Findings report for both 2020/21 and 2021/22. It was reported that they were very close to issuing opinions on both years with items remaining that should not affect the opinion. The 2020/21 Audit was virtually complete but there were some outstanding issues with 2021/22. During the meeting there was some debate concerning the Oracle implementation and cost overruns. The External Auditors felt the Oracle Implementation and audit around this was not where it needed to be. In June 2023 reconsideration of the equal pay liability (alongside the AGS) was identified as one of two key reasons for preventing completion of the 2020/21 audit. Oracle impairment consideration and equal pay was preventing completion of the 2021/22 audit. Both matters were preventing the VFM opinion sign off for both years.

In January 2024 it was reported by Grant Thornton that the financial statements for both 2020/21 and 2021/22 remain open primarily due to Councils Equal Pay liability. The original reason for not closing and signing off the accounts was due to additional work required regarding infrastructure asset valuations which was a national issue. The Committee were advised that Grant Thornton had received a detailed calculation of the equal pay liability but had not concluded their work and that work would need to take place looking forward in terms of the Job Evaluation Methodology. The auditors were also reviewing the Financial Sustainability of the Council and impact of Oracle. The Committee were concerned that the 2024/25 budget was going to be set before the completion of the 2022/23 outturn and accounts and that financial monitoring was only available to mid-2023/24.

It must also be noted that the Committee have not received the Statement of Accounts for the period 2022/23.

Key Issues

During the reporting period two key issues have arisen that effectively undermined any confidence that the Committee held regarding good financial and operational governance. The first concerns the implementation of Oracle Cloud ERP and the second the revelation of the equal pay liability. Both these issues (combined with a budget overspend) were contributory factors leading to the S151 Officer issuing a notice under section 114(3) of the Local Government Finance Act 1988.

Oracle

In October 2022 the Council's Audit Committee were advised that the new Oracle Cloud ERP system had gone live following implementation in April 2022. It was acknowledged that there were still some areas being worked on, but it was considered that the Council was in the post-implementation period. The Committee was assured that the SAP system would still be supported until the final accounts [2021/22] were audited.

In March 2023, five months later, the Committee received a further update in response to the External Auditors Audit Findings Report for the year ending 31 March 2022 reassuring members that the outstanding issues were being dealt with. It was noted that the implementation of the new system would impact predominantly on 2022/23 going forward. Grant Thornton did not raise any concerns regarding the implementation at this point.

In May 2023 the position had substantially changed; the City Solicitor and Interim Director of Finance presented a report to the Committee to acknowledge a major failing with the implementation of the Oracle Cloud ERP system. The report advised that governance had been strengthened with a new task force being set up to focus on Oracle related issues. The Committee were advised that the External Auditors had offered to independently review the plans to get the implementation of Oracle back on track. In January 2024 Grant Thornton issued a draft value for money report in relation to the implementation of Oracle. A comprehensive series of recommendations covering all phases of the work (Finance Operations, Safe and Complaint Programme and Future Optimisation.) were included. There was a particular concern around Oracle expertise and building the capacity into the future. The Key Partner acknowledged that officers were working hard on this area however, the progress anticipated had not been made at this stage.

During this period the Committee has consistently tried to seek reassurance regarding the mitigation of the risks to the Council arising from the Oracle failure. Members are of the opinion that they were not being given the full facts. A full and frank discussion was held in private in May. The Committee was also concerned that although Internal Audit had been working alongside this project since its inception a full end to end audit had not taken place, instead areas of discrete work were investigated (highest risk at the time). Again, nothing was flagged to the Committee. It was not until July that the Committee received an updated risk register that included a new risk "Failure to address Oracle Implementation issues" rated as severe. A detailed discussion took place concerning the risks associated with DBS records and the risk that Oracle had exposed that the standard for DBS checks was not being adhered to leading to a culture issue around safeguarding. The Committee were advised that a management review was taking place and Internal Audit were working within this area to understand the impact. A new Compliance and Vetting Team was in place. This report was welcomed by the Committee.

The Committee noted that the programme was placing significant demands on staff and sought reassurances that all members of the Programmes and Finance Team currently engaged in the Oracle Implementation Recovery were supported in an appropriate way.

After a robust discussion the Committee noted the contents of the VFM report as set out by the External Auditors, noted that an update needed to be provided to the Committee regarding DBS checks and why the Safe and Complaint stage has not been achieved including the reasons for the delay; and noted a full response to the final report on Oracle from the External Auditors will be shared at the next meeting of the Committee. This was scheduled to be March, but this meeting was cancelled.

Equal Pay

The second issue that the Committee was seeking assurance concerned the equal pay claims, Appendix 2. The particular concern for the Committee was the quantum of the liability, the governance concerning the disclosure of the liability and the risk that posed to the Council's financial sustainability going forward.

The Committee became concerned because as far back as May 2022 the Committee was advised by Grant Thornton in their report on the 2020/21 accounts that following their risk-based procedures, they had not identified any weaknesses in the Council's arrangements during the 2020/21 financial year relating to equal pay claims.

In October 2022 the Committee was advised that

“The latest valuation of outstanding equal pay liability is £122.5m (March 2022 valuation) and provision has been made for this in the draft accounts for 2021/22 (still to be audited). As at March 2022, the Council's total expenditure as a result of settling equal pay claims issued under the Equality Act 2010 and preceding Equal Pay Act 1970 was £1.1 billion. When the outstanding liability of £122.5m quoted above is considered, then total expected expenditure is estimated to rise to around £1.3 billion. The revenue implications of equal pay settlements have been reflected in both the budget and the Council's medium-term financial plans in relation to later years.”

The debate took place in private session.

In March 2023 Grant Thornton reported in regard to 2020/21 that the estimate for the liability had been *“determined and recognised in accordance with accounting standards”*. Grant Thornton also requested that management document its consideration if there was any new information regarding the estimation of the liability and if any adjustment was required to the accounts. Grant Thornton stated that they would review the position. The position for 2021/22 was also reported as requiring review.

By July 2023 The Committee was advised that it was estimated that as of 31 March 2023, the Council's current potential equal pay liability could be in the region of £650m and £760m. The Committee held a lengthy debate in private session. The Committee were advised that Grant Thornton were undertaking a special review on Equal Pay. The External Auditor was concerned that the Council had not chosen a job evaluation option and was not making progress to closing this liability which was a significant concern for financial future. In September the council was issued with the S114 notice.

At the Audit Committee held on 27 September 2023, the External Auditor notified the Committee that they were informed of the potential liability in March 2023. The Committee raised a series of governance points including that although there was clear knowledge of an equal pay crisis the budget (2023/24) had been agreed in February 2023. Questions were raised why Equal Pay was not indicated on the risk register or budget. Members sought assurance concerning the mitigation of the risks and the timescales for determining the way forward to resolution.

The latest financial update received by the Committee was in January 2024. This focused on savings required to balance the budget but whilst the Committee understood the need for prudence the Committee was still concerned that the savings quantum was driven with regard to assumptions on the size of the equal pay liability rather than on a factually based calculation.

External support and reviews

Milford Research and Consultancy have been appointed to work with the Committee to provide relevant training and mentoring. The company, led by Dr Milford, are contracted to provide inter alia New Terms of Reference which have now been approved and introduced, re-establishment of the “three lines model” to ensure an appropriate and relevant assurance framework including the establishment of a risk-based approach to the Internal Audit Plan. The appointment has been welcomed and supported by the Committee particularly as the Committee seeks to respond to the recommendations of the independent review of governance undertaken by the Centre for Governance and Scrutiny (CfGS).

Their report stated that *“the Audit Committee should be an important mechanism for the Council to use to manage its exposure to financial risk. However, the committee lacks the capability and capacity to carry out its work properly. Members do not understand how to challenge the content of reports; reports themselves are generally of poor quality and are not drafted on the basis of an understanding of Audit’s regulatory role. There have been some recent attempts to address some of these challenges, but more needs to be done.”* The report further stated that *“The need for work to support the improvement of the Audit Committee is seen as urgent. Ongoing work by the Council’s external auditor will inform this activity.”*

The CfGS review also found that there is some evidence of forensic work being carried out by some members and by probing questions being asked in some spaces. However, crucially it found that difficulties in the access to and use of information by these bodies [the Audit Committee], minimises the impact of this important oversight, regulatory and scrutiny activity.

Whilst the Committee found these findings hard to accept, it recognises the need to upskill and be an effective governance tool for the Council. However, the Committee also felt that it has been operating in difficult circumstances and has not always been seen as a trusted partner seeking to provide the assurance in accordance with its Term of reference.

Conclusion

The review undertaken by CfGS has accurately captured the prevailing situation in relation to the Committees work. It is acknowledged that the Committee does lack the expertise and capacity (two of its members have not attended any of the meetings) to probe effectively into some of the more serious governance matters and has a limited grasp of risk management. However, this has not been helped by the inconsistent and at times missing and misleading information. The Committee were disappointed that representations (regarding the work programme being informed by the annual governance statement (AGS)) made as a response to the draft were not reflected in the final report.

External advisors are now working with the Committee to provide training. Support is being provided to Internal Audit to improve the audit planning, monitoring and reporting processes as well as developing risk management to ensure that internal audit plan is risk based.

Appendix 1

Audit committee Terms of Reference

B14. Audit Committee

14.1 Statement of purpose

The committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk management and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control provides greater confidence to all those charged with governance that those arrangements are effective. The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

14.2 Governance, risk and control

1. To review the council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.
2. To monitor the effective development and operation of risk management in the council.
3. To monitor progress in addressing risk-related issues reported to the committee.
4. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
5. To consider reports on the effectiveness of financial management arrangements, including compliance with Chartered Institute of Public Finance and Accountancy's (CIPFA) Financial Management Code.
6. To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
7. To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
8. To monitor the counter fraud strategy, actions and resources.
9. To review the governance and assurance arrangements for significant partnerships or collaborations.

14.3 Financial and governance reporting Governance reporting:

1. To review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
2. To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.

Financial reporting:

1. To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
2. To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council. To consider the external auditor's report

to those charged with governance on issues arising from the audit of the accounts.

14.4 Arrangements for audit and assurance: To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

External audit:

1. To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments (PSAA) or the authority's auditor panel as appropriate.
2. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
3. To consider specific reports as agreed with the external auditor.
4. To comment on the scope and depth of external audit work and to ensure it gives value for money.
5. To consider additional commissions of work from external audit.
5. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
6. To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

Internal Audit

1. To approve the internal audit charter.
2. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
3. To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
4. To approve significant interim changes to the risk-based internal audit plan and resource requirements.
5. To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
6. To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
7. To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - a) updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work.
 - b) regular reports on the results of the Quality Assurance and Improvement Programme (QAIP)
 - c) reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
8. To consider the head of internal audit's annual report, including: a. the statement of the level of conformance with the PSIAS and LGAN and the results

of the QAIP that support the statement (these will indicate the reliability of the conclusions of internal audit) b. the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the AGS).

9. To consider summaries of specific internal audit reports as requested.
10. To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
11. To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
12. To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations.
13. To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

14.5 Accountability arrangements

1. To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
2. To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
3. To publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement 2022 (See below).

14.6 Membership

1. Members of the Audit Committee, and its Chair, are appointed by Full Council. There are eight members of the committee, and the quorum is three.
2. The Chair of Audit Committee should not be appointed to serve as a director on any of the City Council's wholly owned companies.
3. An Independent Technical Advisor should be appointed to support the Committee.

14.7 Conflicts of interest

1. If a Cabinet Adviser (or former Cabinet Adviser) is a member of the Audit Committee when it is considering matters to which their role relates, then that Councillor must withdraw from the meeting during the consideration of such matter.
2. If the Audit Committee is considering items relating to the work of a relative of a member of the Committee, then that Councillor must withdraw from the meeting during the consideration of such matter.

14.8 Review of these Terms of Reference

These Terms of Reference are to be reviewed annually to ensure they remain appropriate, reflect best practice and align to relevant standards and regulations.

Appendix 2

Audit Committee Meetings (with mention of Equal Pay)

Name of Report	Report For	Author	Date	Pages
Equal Pay Update January 2020	Corporate Director of Finance and Governance and the City Solicitor and Monitoring Office	Suzanne Dodd	28 th January 2020	141 in agenda document pack (Agenda Item 11)
Agenda Document Pack, throughout	Audit Committee	-	30 th June 2020	153, 169, 188,
External Audit Plan Year Ending 31 st March 2020	Birmingham City Council	Grant Thornton	March 2020	9, 13, 21, 26
Draft Accounts for the Year Ended 31 st March 2020	Birmingham City Council	-	29 th September 2020	15, 17, 45, 49, 56, 60, 73, 74, 77, 79, 80, 85, 107, 108, 109, 110, 175, 207
Audit Progress Report and Sector Update	Birmingham City Council	Grant Thornton	September 2020	280 in agenda document pack
Agenda Document Pack	Audit Committee	(Assurance Session- Leader's Portfolio and Statement of Accounts 2019-2020)	20 th October 2020	6,7
Agenda Document Pack, throughout	Audit Committee	-	25 th November 2020	7, 20, 113, 115, 143, 147, 154, 159, 172- 184, 206, 274, 306
The Audit Findings for Birmingham City Council Year Ended 31 st March 2020	Birmingham City Council	Grant Thornton	November 2020	11, 16, 22, 33, 48, 90, 95, 96

Name of Report	Report For	Author	Date	Pages
Agenda Document Pack	Audit Committee	-	26 th January 2021	611,
The Audit Findings for Birmingham City Council Year Ended 31 March 2020 Updated December 2020	Birmingham City Council	Grant Thornton	26 th January 2021	3, 13, 18, 24, 35, 51, 56,
The Annual Audit Letter Year Ended 31 March 2020	Birmingham City Council	Grant Thornton	January 2021	8,11
Adoption of Accounting Policies for 2020/21, Item 10	Audit Committee	Interim Chief Finance Officer, Rebecca Hellard	30 th March 2021	137, 138. 158
Informing the Audit Risk Assessment For BCC 2020/21	Birmingham City Council	Grant Thornton	March 2021	195, 196, 211, 212, 220
Briefing on BCC approach to significant estimates in the 2020/21 Statement of Accounts, Item 7	Audit Committee	Interim Chief Finance Officer, Rebecca Hellard	27 th April 2021	27, 33, 44, 45
Draft Statement of Accounts 2020/21 Short Accompanying Highlights Briefing	Audit Committee	Birmingham City Council	29 th June 2021	111
Equal Pay, August 2021, Item 10	Birmingham City Council	Suzzane Dodd, City Solicitor and Monitoring Officer (Acting)	30 th September 2021	1-5
Drafts Accounts for the Year Ended 31 March 2021, Agenda Document Pack	Audit Committee	Birmingham City Council	19 th October 2021	74, 78, 103, 104, 111, 115, 118, 129, 130, 134, 136, 161, 225, 280
Adoption of Accounting Policies for 2021/22	Audit Committee	Director of Council Management, Rebecca Hellard	29 th March 2022	27

Name of Report	Report For	Author	Date	Pages
Draft Accounts for the Year Ended 31 March 2022	Audit Committee	Birmingham City Council	March 2022	19
Agenda Document Pack	Audit Committee	-	20 th May 2022	79
Equal Pay Update	Audit Committee	The City Solicitor and Monitoring Officer, Janie Berry	18 th October 2022	1-4
Public Sector Internal Audit Standards – External Quality Assessment	Audit Committee	Assistant Director, Audit and Risk Management, Sarah Dunlavy	31 st January 2023	43
Draft Accounts for the Year Ended 31 st March 2023/ Unaudited Draft Statement of Accounts 2020/21	Audit Committee	Birmingham City Council	28 th March 2023	59, 200, 204, 230-237, 245, 248, 259, 260, 264- 355, until end
Unaudited Draft Statement of Accounts 2020/21	Audit Committee	Birmingham City Council	28 th March 2023	14, 18, 43,
BCC Financial Statements for the year ended 31 March, Item 11	Birmingham City Council	Grant Thornton Ref	22 nd March 2023	4
Equal Pay Update	Audit Committee	The City Solicitor and Monitoring Officer. Robert Harris (Head of Law- permanent pay equity)	19 th July 2023	1-4
Risk Management Update	Audit Committee	Assistant Director, Audit and Risk Management, Sarah Dunlavy	19 TH July 2023	62, 67, 71
Section 114 Spend Control Manual, Item 7	Birmingham City Council	Section 151 Officer, Fiona Greenway (contributed by others)	15 th September 2023	33, 37, 39, 40, 42, 43, 44, 45, 49,

Name of Report	Report For	Author	Date	Pages
Response to External Auditors Report	Audit Committee	Mohammed Sajid, Head of Financial Strategy	27 th September 2023	24, 25
Agenda Document Pack, Outstanding Minutes Item 12	Audit Committee	-	27 th September 2023	31,32
Agenda Document	Audit Committee	Delivered by Leader of Council	6 th October 2023	1
Internal Audit Update / Risk Management Update	Audit Committee	Assistant Director, Audit and Risk Management, Sarah Dunlavy	18 th October 2023	27, 31, 60, 70, 71
Response to Statutory Recommendations from External Auditors Grant Thornton	Audit Committee	Mohammed Sajid, Head of Financial Strategy/ Fiona Greenway, Section 151	18 th October 2023	83-94, 98, 100, 106, 108, 113
Agenda Document Pack, Outstanding Minutes Item 12	Audit Committee	-	18 th October 2023	120, 121
DRAFT - Birmingham City Council Audit Committee – Workplan for 2023/24	-	-	29 th November 2023	1-4
Finance Update	Audit Committee	Fiona Greenway, Interim Director of Finance and Section 151 Officer	29 th November 2023	88,89
Agenda Document Pack, Outstanding Minutes Item 16	Audit Committee	-	29 th November 2023	119, 130, 131
Update to Statutory Recommendations from External Auditors Grant Thornton	Audit Committee	Fiona Greenway, Interim Director of Finance and	31 st January 2024	56, 57, 66, 67,

Name of Report	Report For	Author	Date	Pages
		Section 151 Officer		
Section 151 Officer Update on the Financial Position of the Council – January 2024	Audit Committee	Fiona Greenway, Interim Director of Finance and Section 151 Officer	16 th January 2024	78, 81, 84,
Draft Treasury Management Strategy Item 11	Audit Committee	-	31 st January 2024	121, 128
Agenda Document Pack, Outstanding Minutes	Audit Committee	-	31 st January 2024	237, 238, 244,
Annual Governance and Internal Audit Processes	Audit Committee	Milford Research and Consultancy Limited Managing Director - Dr Robert Milford	21 st February 2024	36
Agenda Document Pack, Outstanding Minutes Item 10	Audit Committee	-	21 st February	67, 68, 71