

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE

WEDNESDAY, 19 JULY 2023 AT 14:00 HOURS
IN COMMITTEE ROOMS 3 & 4, COUNCIL HOUSE, VICTORIA
SQUARE, BIRMINGHAM, B1 1BB

A G E N D A

1 NOTICE OF RECORDING/WEBCAST

The Chair to advise/meeting to note that 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.

2 APOLOGIES

To receive any apologies.

3 DECLARATIONS OF INTERESTS

Members are reminded they must declare all relevant pecuniary and other registerable interests arising from any business to be discussed at this meeting.

If a disclosable pecuniary interest is declared a Member must not participate in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If other registerable interests are declared a Member may speak on the matter only if members of the public are allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If it is a 'sensitive interest', Members do not have to disclose the nature of the interest, just that they have an interest.

Information on the Local Government Association's Model Councillor Code of Conduct is set out via <http://bit.ly/3WtGQnN>. This includes, at Appendix 1, an interests flowchart which provides a simple guide to declaring interests at meetings.

4 **EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC**

a) To consider whether any matter on the agenda contains exempt information within the meaning of Section 100I of the Local Government Act 1972, and where it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.

- **Item 5 - Private minutes - Audit Committee 16 May 2023 (Exempt paragraph 3 of schedule 12A of the Local Government Act 1972).**
- **Item 8 - Private - Report on Equal Pay - (Exempt appendix due to paragraphs 3,4 & 5 of schedule 12A of the Local Government Act 1972).**

b) If so, to formally pass the following resolution:-

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.

5 - 28

5 **MINUTES – AUDIT COMMITTEE 16 MAY & 28 JUNE 2023**

To confirm and sign the minutes of the last meetings of the Committee held 16 May 2023 and 28 June 2023.

6 **OVERVIEW FROM THE LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN (LGSCO)**

Briefing from the Local Government & Social Care Ombudsman

7 **UPDATE REPORT ON ORACLE SINCE THE LAST MEETING ON 28TH JUNE 2023**

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

- Progress on action items from previous meeting (28 June 2023)
- Current impact on the Birmingham City Council's financial position

- Status of the preparation of 2022-23 Statement of Accounts
- Terms of Reference of the Management Review into Oracle

- 29 - 32**
- 8 **REPORT ON EQUAL PAY**
- Report of the Head of Paid Service, Interim Director of Finance & s151 Officer and City Solicitor & Monitoring Officer
- 33 - 60**
- 9 **INTERNAL AUDIT PROGRESS REPORT - APRIL TO JUNE 2023**
- Report of the Assistant Director Audit and Risk Management
- 61 - 68**
- 10 **RISK MANAGEMENT UPDATE**
- Report of the Assistant Director Audit and Risk Management
- 11 **UPDATE FROM EXTERNAL AUDIT**
- Report of the External Auditors
- To follow
- 69 - 72**
- 12 **SCHEDULE OF OUTSTANDING MINUTES**
- Information for noting.
- 13 **DATE OF THE NEXT MEETING**
- The next meeting is scheduled to take place on Wednesday, 27 September 2023 at 1400 hours in Committee Room 3 & 4, Council House.
- 14 **OTHER URGENT BUSINESS**
- To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chair are matters of urgency.
- 15 **AUTHORITY TO CHAIR AND OFFICERS**
- Chair to move:-
- 'In an urgent situation between meetings, the Chair jointly with the relevant Chief Officer has authority to act on behalf of the Committee'.

BIRMINGHAM CITY COUNCIL

<p>AUDIT COMMITTEE 16 MAY 2023</p>
--

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
TUESDAY, 16 MAY 2023 AT 1400 HOURS IN COMMITTEE
ROOM 6, COUNCIL HOUSE, VICTORIA SQUARE, BIRMINGHAM, B1 1BB**

PRESENT:-

Councillor Fred Grindrod in the Chair;

Councillors Shabrana Hussain, Meirion Jenkins, Amar Khan, Miranda Perks and Paul Tilsley

NOTICE OF RECORDING/WEBCAST

583 The Chair advised, and the meeting noted that new technology and broadcasting system was being used at this meeting. Microphones will be used during the public session of the meeting and whilst in private session it was advised to refrain from using the microphone facility.

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

584 No apologies were submitted.

At 1402, Councillor Khan joined the meeting.

DECLARATIONS OF INTEREST

585 There were declarations of interest made.

EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC

The Chair advised there would be a private discussion for item 5, the Report on Oracle Implementation. This was exempt under Schedule 12A s3 Local Government Act 1972 - Commercially sensitive information.

At this juncture, Councillor Jenkins queried the reasons why this item was going to be discussed in private. He felt the public should have knowledge around this area.

The Chair emphasised this question can be asked under item 5 as this would need to be noted first and then move to a private session.

Members of the Committee agreed the exempt information and reasons listed on the agenda and report.

Upon consideration, it was:

586

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.

REPORT ON ORACLE IMPLEMENTATION

The Chair made introductory comments and informed members that report was from the City Solicitor and Monitoring Officer and the Interim Director of Finance & S151 Officer. Members were informed that officers would update the Committee of the actions being taken to ensure difficulties encountered with the implementation of the Oracle Cloud ERP system were remedied to improve the internal functions relating to financial management and human resources.

Members were informed that some of the material would be commercially sensitive and would be provided in accordance with Schedule 12A s3 Local Government Act 1972 therefore, the meeting would be moving into a private discussion.

The Chair checked with the Committee if they were content with this.

At this juncture, Councillor Jenkins requested for a formal vote to take place for a private session. In addition, he questioned why the public should be denied access to the information.

Audit Committee – 16 May 2023

The City Solicitor and Monitoring Officer advised there were reasons for commercial sensitivity and business interests for the Council therefore it was not practical for this information to be shared in public domain.

This was exempt under section 3 of the Local Government Act which is commercially sensitivity involving transactions for the Council.

Councillor Tilsley referred to the same point made by Councillor Jenkins as it was felt the report shared for item 5 did not contain any commercial sensitivity however, he noted the presentation to be delivered by officers in the private session would have some commercial sensitivity.

Councillor Jenkins requested for a formal vote to take place on this item.

Vote for a private session for item 5;

Upon being put to a vote it was 4 in favour, 1 against and 1 abstention.

At 1407 hours, the Committee moved to a private session.

587 **RESOLVED:-**

The Audit Committee noted the details contained with the Oracle Implementation report.

EXCLUSION OF THE PUBLIC

588 **RESOLVED:-**

That, in view of the nature of the business to be transacted, which includes exempt information of the category indicated, the public be now excluded from the meeting:-

Exempt Paragraph 3 - Schedule 12A s3 Local Government Act 1972 - Commercially sensitive information.

Item 5 - The Report on Oracle Implementation

(Note: Minute 589 & 590 is in private)

RE-ADMITTANCE OF THE PUBLIC

591 At 1614 hours, following discussions on item 5, the report on Oracle Implementation, the Committee moved back into the public meeting.

At this juncture, Councillor Jenkins shared that the discussion should not have been held in private as he felt there was no commercial information shared. This Chair noted the point made by Councillor Jenkins.

EXTERNAL AUDITORS UPDATE

The Key Partner, External Auditors provided a summary for the Committee. Matters related to the Oracle Implementation was discussed in the private session. The feature had been the 2020/21 and 2021/22 financial statement audits which were still to be signed off. The Annual Governance Statement and Capital accounting may have a bearing on the audits.

This also features in the 2021/22 Value for money Audits. Risk related to IT had been flagged. This would be reflected in the Annual Governance responsibilities.

For the 2022/23 Audit planning, this was a fundamental aspect. Draft accurate accounts were expected to be submitted.

No comments were made by Members.

Upon consideration, it was:

592 **RESOLVED:-**

The Audit Committee noted the updates from the External Auditors.

OTHER URGENT BUSINESS

593 None

AUTHORITY TO CHAIRMAN AND OFFICERS

594 **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.

DATE OF THE NEXT MEETING

595

The next meeting is scheduled to take place on Wednesday, 28 June 2023 at 1400 hours in the Committee Room 6, Council House, Birmingham.

The meeting ended at 1617 hours.

.....

CHAIR

BIRMINGHAM CITY COUNCIL

<p>AUDIT COMMITTEE 28 JUNE 2023</p>

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

PRESENT:-

Councillor Fred Grindrod in the Chair;

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

NOTICE OF RECORDING/WEBCAST

596

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

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

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

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

Election of the Deputy Chair

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

Upon consideration, it was:

597

RESOLVED

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

Audit Committee – 28 June 2023

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

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

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

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

DECLARATIONS OF INTEREST

598 There were no declarations of interest made.

APOLOGIES

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

EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC

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

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

Upon consideration, it was:

600 **RESOLVED**

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

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

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

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

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

(ITEM 11)

UPDATE FROM THE EXTERNAL AUDITORS

The following report of the External Auditors was submitted:-

(See document No.1 of the agenda pack)

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

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

Audit Committee – 28 June 2023

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

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

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

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

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

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

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

Audit Committee – 28 June 2023

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

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

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

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

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

Audit Committee – 28 June 2023

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

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

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

Members response to the suggestion of an extraordinary meeting:

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

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

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

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

Upon consideration, it was:

603

RESOLVED:-

The Audit Committee;

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

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

IMPROVING THE EFFECTIVENESS OF THE AUDIT COMMITTEE – INITIAL ACTIONS

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

(See document No.2 of the agenda pack)

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

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

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

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

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

Audit Committee – 28 June 2023

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

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

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

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

The Committee made the following comments and raised questions around;

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

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

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

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

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

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

Audit Committee – 28 June 2023

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

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

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

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

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

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

At 1506 hours, Councillor Jenkins left the meeting.

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

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

The Chair noted key points made by Members.

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

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

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

Upon consideration, it was:

604 **RESOLVED:-**

The Audit Committee:

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

TERMS OF REFERENCE

The Terms of reference for the Committee were shared.

(See item 3 of the agenda pack).

Upon consideration, it was:

605 **RESOLVED:-**

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

At 1514 hours, Councillor Shah left the meeting.

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

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

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

Audit Committee – 28 June 2023

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

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

(See document No.4 of the agenda pack)

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

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

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

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

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

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

Upon consideration, it was:

606

RESOLVED:-

The Audit Committee:

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

- (iii) Members agreed to defer the 2023/24 Internal Audit Charter for approval at the next meeting.
-

UPDATE REPORT ON ORACLE SINCE THE LAST MEETING 16TH MAY 2023

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

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

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

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

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

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

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

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

Audit Committee – 28 June 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In response to members questions the following points were noted;

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

Audit Committee – 28 June 2023

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

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

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

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

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

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

Future updates to be provided on;

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

Audit Committee – 28 June 2023

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

Upon consideration, it was:

607

RESOLVED:-

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

SCHEDULE OF OUTSTANDING MINUTES

608

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

DATES OF MEETINGS FOR 2023-2024

2023

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

2024

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

Upon consideration, it was:

608

RESOLVED:-

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

OTHER URGENT BUSINESS

609

None

AUTHORITY TO CHAIRMAN AND OFFICERS

610

RESOLVED:-

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

The meeting ended at 1628 hours.

.....

CHAIR

Public Report
Birmingham City Council
Report to Audit Committee
19 July 2023



Subject: Equal Pay
Report of: The City Solicitor and Monitoring Officer
Relevant Cabinet Member: N/A
Relevant O &S Chair(s): N/A
Report author: Robert Harris, Head of Law – Permanent Pay Equity

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential:		
The exempt appendix is exempt from public disclosure under paragraphs 3, 4 and 5 of Schedule 12A of the Local Government Act 1972.		

1 Executive Summary

- 1.1 The purpose of this report is to provide Audit Committee with a synopsis of equal pay and to outline the financial implications of equal pay for the Council.
- 1.2 The exempt appendix provides an update on what has changed since the last report to Audit Committee of 18 October 2022; an explanation of what the current spending controls are; and an explanation of the impact on the Council's accounts. The information in the exempt appendix is exempt from public disclosure under paragraphs 3, 4 and 5 of Schedule 12A of the Local Government Act 1972. The exemptions relied on are as follows:

- 1.2.1 Sch. 12A para. 3 – *‘Information relating to the financial or business affairs of any particular person (including the authority holding that information)’*;
 - 1.2.2 Sch. 12A para. 4 – *‘Information relating to any consultations or negotiations, or contemplated negotiations, in connection with any labour relations matter arising between the authority or Minister of the Crown and employees of, or office holders under, the authority’*; and
 - 1.2.3 Sch. 12A para. 5 – *‘Information in respect of which legal professional privilege could be maintained in legal proceedings.’*
- 1.3 These provisions apply because the information in the exempt appendix relates to financial and business affairs of the Council; to negotiations in connection with a labour relations matter (i.e. equal pay) arising between the Council and its employees; and is subject to legal professional privilege.

2 Recommendations

- 2.1 That the Committee note the contents of this report and the exempt appendices.

3 Background

3.1 What is Equal Pay?

- 3.2 The right to equal pay was introduced domestically with the enactment of the Equal Pay Act 1970 (now replaced by the Equality Act 2010). This represented a huge cultural shift in the workplace and was the culmination of a long struggle to secure statutory recognition of the principle of equal pay for equal work.
- 3.3 The current equal pay provisions in the Equality Act 2010 are concerned with the establishment of equal terms and conditions of employment for men and women, as initially laid down in Article 141 EC Treaty (now Article 157), which explicitly states that *each Member State shall ensure that the principle of equal pay for male and female workers for equal work or work of equal value is applied*. Please note that the Retained EU Law (Revocation and Repeal) Bill was introduced to Parliament on 22 September 2022, which aims to remove retained EU law from the statute books by the end of 2023 and could, therefore, impact on domestic equal pay law.
- 3.4 The Equality Act 2010 provides that every person’s employment contract is deemed to include a sex equality clause, the practical effect of which is that if there is any term in a person’s employment contract that is less favourable than a comparator of the opposite sex, that term is modified so as not to be less favourable. What is more, if a person’s employment contract does not contain a term that is included in the contract of a comparator of the opposite sex, the sex equality clause will deem that it is included. However, the sex equality clause will only apply where two workers are doing equal work, are of the opposite sex, have the same employer, and where any difference in terms is not due to a material factor.

- 3.5 A history of the equal pay issues which have arisen in the Council was provided in the private report to Audit Committee dated 18 October 2022, as well as details of how such issues have been mitigated.

4 Options considered and Recommended Proposal

- 4.1 This report is for noting only.

5 Consultation

- 5.1 The Cabinet Advisory Group – Equal Pay is provided with updates as part of its quarterly meetings.

6 Risk Management

- 6.1 The Council's mitigation strategies are intended to address and end any current equal pay issues and to preclude further equal pay issues arising in the future.

7 Compliance Issues:

- 7.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

7.1.1 This report is for noting only.

7.2 Legal Implications

7.2.1 The power conferred by section 222 of the Local Government Act 1972, '*power of local authorities to prosecute or defend legal proceedings*', enables the Council to defend and to seek to settle equal pay claims in accordance with the Public Sector Equality Duty and equal pay provisions within Chapter 3 of Part 5 of the Equality Act 2010.

7.3 Financial Implications

7.3.1 A detailed and fresh analysis of the Council's ongoing equal pay claims has been conducted recently in light of issues raised as a result of the implementation of the Oracle financial system.

7.3.2 The Council has already paid out a total of £1.1bn in relation to the settlement of equal pay claims over the last decade. However, the refreshed analysis has revealed that significant additional equal pay costs will need to be provided for by the Council.

7.3.3 It is estimated that as of 31 March 2023, the Council's current potential equal pay liability could be in the region of £650m and £760m.

7.4 Procurement Implications (if required)

7.4.1 N/A

7.5 Human Resources Implications (if required)

7.5.1 N/A

7.6 Public Sector Equality Duty

7.6.1 The Council's mitigation strategies endeavour to limit any adverse equality impact on staff at the Council, to further the Public Sector Equality Duty, and to ensure compliance with the equal pay provisions within the Equality Act 2010 (Chapter 3).

8 Appendices

8.1 Exempt Appendix: Private Report to Audit Committee on Equal Pay dated 19 July 2023

9 Background Documents

9.1 Private Report to Audit Committee on Equal Pay dated 18 October 2022.

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	AUDIT COMMITTEE
Report of:	Assistant Director, Audit & Risk Management
Date of Meeting:	19th July 2023
Subject:	Internal Audit Progress Report - April to June 2023
Wards Affected:	All

1. PURPOSE OF REPORT

1.1 This report provides an update on the delivery of the internal audit work programme for 2023/24 together with a summary of the key findings from the work completed to date.

2. EXECUTIVE SUMMARY

2.1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS).

2.2 Between 1st April and 30th March 2023 34 final reports have been issued and 11% of the current planned completed to draft audit report stage. The key findings from our work are summarised in the attached report.

2.3 The baseline audit plan for 2023/24, developed following the completion of a risk assessment, was agreed by the Audit Committee at the March meeting. The audit plan is dynamic and will be reviewed and updated throughout the year, based on discussions, feedback received, emerging issues, and changing risks. An update on the baseline plan together with the status of review activities is also included.

2.4 The views of Audit Committee are important, any concerns flagged by Members will be fed into the planning process.

3. RECOMMENDATIONS

3.1 Members note the update, progress in delivering the 2023/24 internal audit programme, and the key findings arising from the work completed.

3.2 Members flag any emerging issues / risks for inclusion in the planning process.

4. LEGAL AND RESOURCE IMPLICATIONS

4.1 The Internal Audit service is undertaken in accordance with the requirements of section 151 of the Local Government Act and the requirements of the Accounts and Audit Regulations 2015.

4.2 The Internal Audit service has complied with the requirements laid out in the Public Sector Internal Audit Standards.

4.3 The work is carried out within the approved budget.

5. RISK MANAGEMENT & EQUALITY ANALYSIS ISSUES

5.1 Risk Management is an important part of the internal control framework, and an assessment of risk is a key factor in the determination of the Internal Audit plan.

5.2 Equality Analysis has been undertaken on all strategies, policies, functions, and services used within Birmingham Audit

6. COMPLIANCE ISSUES

6.1 Council policies, plans, and strategies have been complied with.

Sarah Dunlavey
Assistant Director, Audit & Risk Management

Contact officer: Sarah Dunlavey, Assistant Director, Audit & Risk Management
E-mail address: sarah_dunlavey@birmingham.gov.uk

Birmingham Audit Progress Report April – June 2023

19th July 2023

Contents

1. Background
2. Internal Audit
3. Other Work
4. Grant Certification
5. 2023/24 Plan update

Appendix A: Summary of Significant Findings from Final Reports Issued to Date

Appendix B: Update on Baseline 2023/24 Internal Audit Plan

1. Background

- 1.1 Internal Audit provides independent and objective assurance and advice. It helps the Council to achieve its objectives through a systematic approach to the evaluation of the overall systems of internal control.
- 1.2 Internal Audit activity is governed by the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. These standards seek to secure 'a professional, independent and objective internal audit' by setting out the Mission and definition of Internal Auditing, the core principles for professional practice, together with a Code of Ethics. Specific attribute and performance standards provide guidance on how internal auditing should be carried out and the function managed. Guidance on the interpretation of the Standards is set out by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its Local Government Application Note.
- 1.3 The baseline audit plan for 2023/24, developed following the completion of a risk assessment, was agreed by the Audit Committee at the March meeting. The audit plan is dynamic and is reviewed and updated throughout the year, based on discussions, feedback received, emerging issues, and changing risks. Additionally the views of the Audit Committee are important, any concerns flagged by Members will be fed into the planning process.
- 1.4 This report provides an update to the Audit Committee on activity between 1st April to 30th June 2023. It summarises the key findings arising from the work to date and provides an update on the 2023/24 Internal Audit plan.

2. Internal Audit

- 2.1 Prior to the commencement of an Internal Audit review an Audit Planning Memorandum (APM) is agreed with the relevant manager, this will usually be the Director, Assistant Director, or nominated Head of Service. The APM outlines the relevant risks together with the objective and scope of the audit. On completion of an audit assignment a draft report will be produced containing our findings and recommendations. This draft report is discussed and agreed with the relevant manager. Once a response to our recommendations is received, including responsible officers and target dates, a final report is issued.

2.2 Audit reports are given risk and assurance ratings to assist in the identification of the level of corporate importance:

Risk Ratings

1. Low (Green) - Non-material issues
2. Medium (Amber) - High importance to the business area the report relates to, requiring prompt management attention. Not of corporate significance
3. High (Red) - Matters which in our view are of high corporate importance, high financial materiality, significant reputation risk, likelihood of generating adverse media attention or of potential of interest to Members etc.

Assurance Ratings

Level 1: Controls evaluated are adequate, appropriate and are operating effectively to ensure that risks are being managed and objectives achieved.

Level 2: Some control weaknesses noted. However, generally the controls evaluated are adequate, appropriate, and effective.

Level 3: Control weaknesses of a significant nature, or the number of minor weaknesses noted was high. Management of risks and achievement of objectives is compromised

Level 4: Controls not adequate, appropriate, or effective. Risks not adequately managed and achievement of objectives unlikely

Note: Follow up reports are only assigned a risk rating as the focus of the work is on the implementation of the agreed recommendations.

- 2.3 Whilst management is responsible for ensuring that the actions agreed in response to our recommendations are implemented. Progress and follow up reviews are undertaken to gain assurance that the agreed actions have been taken and the risk successfully mitigated. All high risk, together with relevant medium risk, reports are subject to follow up work. Progress reports are usually undertaken when all the target dates for implementation have not yet elapsed to confirm that work is being undertaken to implement the agreed actions by the target date. Follow up reviews are usually completed once all the target dates have elapsed to provide assurance that the agreed actions have been implemented and are effective in mitigating the risks identified.
- 2.4 During the first quarter 34 final reports (13 Audit Reports, 5 Progress Reports, 3 Follow up Reports, and 13 Schools Reports). A summary of the key findings arising from these reports is contained within Appendix A. 1 Audit review and 1 Follow up review were assigned a high-risk rating:
- **Home To School Transport – Strategic Review.** Our review identified that the current service delivery model is both unsustainable and unaffordable. The service needs to find ways to address demand and more affordable modes of transport, that can still meet children’s needs. Management is aware of the issues with the current delivery model and are actively looking to address them through change programmes.

At the request of the Directorate, we undertook an early review to establish the level of progress being made in implementing the recommendations. This work has established that the service is making good progress and there is a real drive and commitment at all levels to deliver the changes required.

- **Commissioning and Monitoring Arrangements – Day Six Provision.** Our follow up review established that whilst the commissioning arrangements with the existing supplier had ceased, eliminate our initial concerns with the commissioning of day 6 provision for permanently excluded pupils. No alternative arrangements were in place. Arrangements were being made to rectify this with additional places being commissioned from the City of Birmingham School, with further places expected to become available as year 11 pupils leave.

4. Other work

3.1 In addition to the completion of audit review work is currently being undertaken to help and support management. Whilst this work does not ultimate result in the provision of assurance it is considered to key in supporting the organisation. A brief outline of this ongoing work is provided below:

- **Oracle:** At the request of the Assistant Director Digital and Technology Services / Chief Information Officer an examination of the processes supporting the go live decision making, across the areas encountering significant difficulties has been completed. An examination of the PAAS testing audit trail has also been completed on behalf of the Director Digital and Customer Services. We are continuing to attend silver and bronze task groups providing proactive advice and guidance. We are supporting the implementation of Oracle Risk Management Cloud Oracle to assist the ongoing review of segregation of duties and the implementation of proactive compliance testing
- **Pay compliance:** Providing ongoing support and data analysis to support the Council pay compliance group. Timesheet compliance testing is also being undertaken to ensure appropriate working practices are consistently adopted.
- **Grant Certification:** Grant certification certificates and fulfilling the First Level Controller role for a number of European Grants.
- **Data analysis:** Ongoing data analysis to support our work and directorate.

5. Internal Audit Plan

5.1 An update on the baseline audit plan for 2023/24 is given in Appendix B, this includes details of any changes that have been made and the status of review activities.

- 5.2 The initial focus of our work has been completing the reviews and finalising the reports brought forward from the 2022/23 audit plan (25 of the 30 reviews brought forward have now been completed to at least draft report stage – excluding school visits) and planning the scope of new assignments. Ongoing discussions are taking place with Directorate contacts to agree the timings for each assignment. In planning our work, we remain vigilant to key risks and ongoing interventions including SEND Services within the Children’s and Family Directorate. Our work within Children’s and Family covers a wide range of services and is focussed on helping them through their improvement journey. We are working closely with the Directorate to deliver work which aligns with their on-going priorities to ensure added value.
- 5.3 11% of the 2023/24 plan has been completed to draft report stage.
- 5.4 The plan remains dynamic and will be reviewed, and any relevant changes made in light of emerging issues and the proposed changes to the Strategic Risk Register.

Summary of Key Issued from Report Finalised April to June 2023
34 Final Audit Reports (13 Audit Reviews, 5 Progress Reports, 3 Follow Up Reports, 13 School Visits)
Audit Reviews

Month issued	Final Report	Risk Rating for Council	Assurance Level	Issues Identified
Apr-23	Home To School Transport – Strategic Review	High	Level 4	The current service delivery model is both unsustainable and unaffordable. The service needs to find ways to address demand and more affordable modes of transport, that can still meet children’s needs. Management is aware of the issues with the current delivery model and are actively looking to address them through change programmes.
Apr-23	The Wellbeing Service	Medium	Level 3	Our testing identified that appropriate management arrangements have been established to monitor and manage those leisure facilities being operated by the Council’s Wellbeing Service. However, the fundamental issues with the Council’s Oracle finance system have significantly impacted on the ability of senior management to monitor the Service’s budget during the current financial year.
May-23	Homelessness - Accommodation Finding Team	Medium	Level 3	The Accommodation Finding Team (AFT) has now been functioning for 12 months, several areas have been identified where the effectiveness of processes, and accuracy of financial analysis can be strengthened. To date, there has not been a sufficient level of properties for the AFT to utilise, and secure lettings for families stuck in long term Temporary Accommodation. There is a need to document targets to assess performance against.
May-23	Grounds Maintenance - Performance Reporting	Medium	Level 3	Our review has identified that there are a number of issues with the adequacy of current performance reporting processes for Grounds Maintenance, and a lack of assurance to confirm that recorded data fully reflects actual performance.
May-23	Acivico - Reactive Maintenance	Medium	Level 3	Our audit has identified contract and service delivery management improvement areas. Key Performance Indicators (KPIs) and priority levels have not been reviewed.
Apr-23	Accounts Payable - One Time Payments	Medium	Level 2	The Oracle workflow for One Time Payments (OTP) was not working as intended. This issue was resolved during our audit.

Month issued	Final Report	Risk Rating for Council	Assurance Level	Issues Identified
				During this period payments were not routed to the designated Accounts Payable officers for compliance checking as they should have been. We are undertaking a data analysis exercise to provide assurance that this vulnerability has not been exploited.
May-23	Direct Payments - Effectiveness of Qualitative Measures	Medium	Level 2	Sample testing of Direct Payment reviews identified improvement and more consistency in the completion of assessments and the recording of information on Eclipse. However, we still identified the need to demonstrate that the Direct Payment funded package of care is still meeting the citizens assessed outcomes.
Apr-23	Capital Project - Tame Valley Viaduct Strengthening Works	Low	Level 2	Appropriate project governance arrangements are in place. There is a Project Board that meets on a monthly basis, and regular progress reports are produced. The Highways Services Manager produces a monthly Highlight Report for the Council's Capital Board. Corporate Procurement Service (CPS) are working to resolve the contract issue and ensure that invoices are raised on a prompt basis. Overall, the arrangements for managing risk are appropriate, but mitigating measures were not detailed in the current project risk register.
May-23	Resilience	Low	Level 2	The overarching management of Emergency Planning and Business Continuity are being well managed. However, we did identify some issues relating to the completeness of the priority service list (included within the Corporate Business Continuity Plan), and consistent recording of review, approval and issue dates on individual corporate policies and procedures.
May-23	Highbury Hall	Low	Level 2	Although a decision was made to make Highbury Hall a cashless venue wherever possible, due to the nature of the site cash income does continue to be taken. Whilst the income received has been in the main adequately recorded, and banked, there was a need to improve reconciliations.
May-23	Logotech - Treasury Management	Low	Level 2	Logotech is a hosted solution operated as a 'Shadow IT' service whereby the application is managed by the Treasury Management Team, with support from the supplier via a support and maintenance agreement. The system has been in operation for several years with no significant concerns or issues; however, improvements could be made to the management controls to increase security and better prepare for any incidents.

Month issued	Final Report	Risk Rating for Council	Assurance Level	Issues Identified
May-23	Air Quality	Low	Level 2	Testing confirmed that the Council is fulfilling its statutory requirements for monitoring and reporting on air quality in Birmingham. The Environmental Protection Officer obtains an annual update on the key actions contained within the AQAP from the various responsible officers across the Council, which are then included in the ASR submitted to DEFRA. However, no further in year monitoring is undertaken by the Environmental Protection Team to help ensure that the AQAP's key actions are being appropriately progressed / achieved.
Jun-23	Environmental Health	Low	Level 3	We were able to confirm that the expected processes are being delivered by Environmental Health, including statutory responsibilities in relation to food hygiene inspections. However, there were also areas where there is a need to strengthen oversight and planning.

Progress Reports

Month issued	Final Report	Original Report Risk Rating	Status	Issues Identified
Apr-23	Day Centre Progress Review	High	Progressing Recommendations	Actions are being undertaken to progress the implementation of the recommendations in our report. Whilst there has been some progress, there is more work to complete, particularly in relation to Team Manager checks, Financial Handover forms and Comforts Funds.
Jun-23	Home To School Transport – Strategic Review, Early Progress Review	High	Progressing Recommendations	The Directorate requested we undertake this early review to establish the level of progress being made in implementing the recommendations. Our work has established that the service is making good progress and there is a real drive and commitment at all levels to deliver the changes required. The service has introduced a number of strategic changes, which when fully implemented will deliver a more child centric and sustainable service but even at this early stage, these are improving and strengthening the service.

Month issued	Final Report	Original Report Risk Rating	Status	Issues Identified
Apr-23	Assessment and Support Planning EICT	Medium	Progressing Recommendations	Progress has been made towards implementing our recommendations. It is acknowledged that progression of many of the recommendations, including application of the '3 conversations' process, is complicated by the need to ensure the multi-disciplinary approach is providing the most appropriate long-term service to the citizen.
Apr-23	Placements -Supported Living	Medium	Progressing Recommendations	Good progress has been made towards implementing our recommendations. There are several ongoing actions which once completed will assist with the implementation. These include completing the review of Supported Living cases, implementing planned changes to Eclipse forms and finalising, approving, and issuing the draft procedures.
May-23	IT Applications - JADU Progress Review	Medium	Progressing Recommendations	There have been improvements, with several recommendations implemented. A feature request has been raised with JADU to implement the Council's Corporate Retention Schedule, but this remains outstanding.

Follow-up Reports

Month issued	Final Report	Original Risk Rating	Revised Risk Rating	Issues Identified
Apr-23	Commissioning and Monitoring Arrangements – Day Six Provision	High	High	The primary concern from the previous audit was that there were significant weaknesses in the arrangements for commissioning day 6 provision for permanently excluded pupils. These arrangements have now been ceased. As such, the majority of recommendations are no longer applicable. However, no alternative arrangements were in place. Arrangements were being made to rectify this with additional places being commissioned from the City of Birmingham School, and with further places expected to become available as year 11 pupils leave.
Jun-23	One Time payments and Request for Payments	Medium	Low	Our recommendations have been implemented strengthening the process of OTPs and RFPs. Further detailed audit analysis work is taking place to provide assurance that the weakness has not been exploited. This will be reported upon separately.

Month issued	Final Report	Original Risk Rating	Revised Risk Rating	Issues Identified
Jun-23	NNDR Charity Relief - Mandatory and Discretionary	Medium	Low	Our recommendations have been implemented as agreed. Mandatory and Discretionary reliefs awarded now have a review date set. The Mandatory procedure has been reviewed and updated, and a Discretionary procedure devised. Both procedures are available in the Revenues and Benefits Procedures Guide in their SharePoint repository.

Internal Audit Plan 2023/24 - Status

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	Financial Assurance					
Financial Core System	Accounts Payable/Payment Activities (Oracle Processes)	50	10	60		Robust controls are in place for all payment activities
	- One Time Payments and Request for Payments				Final Report Issued	B/F 2022/23 plan
	- CHAPS Payments				APM Issued	
	- Data Analysis - One Time Payments				In Progress	
	- Key Reporting				APM Issued	
	- Statutory Requirements / Submissions				APM Issued	
	- Supplier master Data Management				Planning	
	- Capture - forensic tool				Planning	
	- Proactive Data Analysis - Key Controls				In Progress	
Financial Core System	Accounts Receivable (Oracle Processes)	50	(10)	40		Monies owed for services rendered are received promptly and debts appropriately and timely progressed. 10 Days moved to Accounts Payable
	- Creation of Customer records				Draft Report Issued	B/F 2022/23 plan
	- Non-Invoiced Income Highbury Hall				Final Report Issued	B/F 2022/23 plan
	- Management of Adult Social Care Debts				Work Programme produced	
	- Raising Invoices - Quality and Accuracy (inc. Interface Files)				APM Issued	
	- Debt Recovery				Planning	

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
Financial Core System	Annual Audit Letter	5		5	Planning	Issues raised within the External Auditors Annual Audit Letter are monitored and actioned.
Financial Core System	Asset Management - Fixed Assets	50		50		Fixed assets are accounted for correctly.
	- Capital Receipts – Pooling				Draft Report Issued	B/F 2022/23 plan
	- Commercial Portfolio – Income Generation				Planning	
	- Non-Treasury Investments				Planning	
Financial Core System	Benefits Service	50		50		Applications are validated in a timely manner and paid accordingly. Accounts are subject to regular review.
	- Atlas Changes - CTS Claims				Planning	
	- Management of Non-Dependants				Planning	
	- Overpayments				Planning	
	- Documented Procedures				Planning	
Financial Core System	Corporate Payroll (Oracle Processes)	20		20		Pay is accurately calculated, accounted for, and received by staff on timely basis.
	- Starters and Leavers Non Schools				In Progress	B/F 2022/23 plan
	- Starters and Leavers Schools				In Progress	B/F 2022/23 plan
	- Overpayments				In Progress	B/F 2022/23 plan
	- Payroll Data Entry and Calculation Reconciliations				Work Programme Produced	
Corporate / Financial Core System	Compliance with HR Policies (including Oracle Processes)	30		30		Human Resources policies and procedures are complied with and correctly reflected on payroll where appropriate.
	- Injury Allowance				In Progress	
	- Hays Pre employment Checks Compliance				APM Issued	
	- Acting Up Pay				Planning	

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
Financial Core System	Council Tax	30		30		Council Tax payments, less valid deductions, are paid in a timely manner and prompt recovery of outstanding debts take place. All accounts are subject to regular review and monitoring.
	- Recovery and Enforcement Levels				Planning	
	- Exemptions and Discounts				Planning	
Financial Core System	NNDR	30		30		Business Rate payments, less valid deductions, are paid in a timely manner and prompt recovery of outstanding debts takes place. All accounts are subject to regular review and monitoring
	- Recovery and Enforcement Levels				Planning	
	- Suppressions				Planning	
Financial Core System	Financial Management – Control (Oracle Processes)	50		50		Robust financial controls are in place.
	- Financial Controls Review				Planning	
	- Cash Management				Planning	
Financial Core system	Treasury Management	20		20	In Progress	The Treasury Management Strategy and Policy is complied with, and treasury processes appropriately controlled.
Financial Core System	Procurement and Contracts	140		140		Procurement and contract requirements are complied with.
	- Capital project – Tame Valley Viaduct Strengthening Works				Final Report Issued	B/F 2022/23 plan
	- Ladywood Regeneration Project (Competitive Dialogue)				In Progress	
	- Third Party Framework Agreements				In Progress	
	- Waivers Procedure				Planning	
	- Breach Procedure				Planning	
	- Combined Heating and Power Scheme				Planning	
	- Manned Security – Contract Management				In Progress	

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	- Capital Contract – Open Book Arrangements				Planning	
Financial Core System	Rent Collection & Charges	25		25		Rent monies owed are collected and early intervention takes place for the recovery of debts.
	- Overall Debt Management				Planning	
	- Management of Credits Balances and Refund requests				Planning	
Financial	Direct Payments	20		20		Direct payments are correctly assessed and paid.
	- Effectiveness of qualitative measures				Final Report Issued	B/F 2022/23 plan
	- Direct Payments				Planning	
Financial Core System	Oracle IT - Controls / Security (Oracle Processes)	30	18	48		Adequate arrangements in place to ensure the effective and secure management of the Oracle Fusion system. Additional 18 days added. Provision of ongoing support.
	- Customisations PaaS				Complete	
	- General IT Controls				Planning	
	- BCC Stabilisation Planning Workshop				In Progress	
	- Go Live Testing - Commercial Support				In Progress	
	- Segregation of Duties				Planning	
	- Oracle Education Workshop				In progress	
	- Commercial Support				In Progress	
	Subtotal	600	18	618		
	Adults Social Care					
Operational / Regularity / Strategic Risk	Commissioning	15		15		Adequate arrangements are in place in respect of the care providers contract framework.
	- Commissioning				Draft Report Issued	B/F 2022/23 plan
	- Regulated Care				Planning	

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
Operational / Regularity / Strategic Risk	Discharge to Assess	20		20		Effectiveness of discharge and assessment arrangements to support citizens when they leave hospital.
	- Stage 3: Non-Front Runner Procedures				Planning	
	- Compliance with Process and Procedures				Planning	
Operational / Regularity / Corporate	Day Centres	15		15	Planning	Robust procedures are in place and have been implemented to ensure appropriate governance arrangements are in place for the management of Day Centres.
Operational / Regularity	Disabled Facilities Grant (DFG)	20		20		Disabled Facilities Grants are correctly awarded and robust arrangements in place to manage the completion of adaptations.
	- Compliance with procedures for discretionary "Discharge Assistance"				Response to draft Received	B/F 2022/23 plan
	- Procurement				Planning	
	- Compliance with New Procedures				Planning	
Corporate	Refugee and migration	20		20		Commissioning of services and contract management arrangements are robust.
Operational / Regularity / Strategic Risk	Transition to Adulthood	20		20	In Progress	Effective arrangements are in place to support the transition of young people transitioning to adulthood.
Corporate / Strategic Risk	Liberty Protection Standard/Deprivation of Liberty Safeguards	15		15	Planning	Referrals for and assessments of Deprivation of Liberty Safeguards are being robustly and effectively completed.
Operational / Regularity	Funeral Service and Property Service	15		15	Planning	Management and financial arrangements in place for the Funeral Service and the Property Service are adequate and effective.
Strategic Risk	Assessment & Support Planning/Placements	20		20		Robust procedures and arrangements are in place for the assessment of packages of care.

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	- Consistency of Decision Making				Response to draft Received	B/F 2022/23 plan
	- Shared Lives				In Progress	
	Subtotal	160		160		
	Children and Families					
Corporate	Home to School Transport	25		25		Robust controls are in place to manage the Home to School Service.
	- Strategic Review				Final Report Issued	B/F 2022/23 plan
	- Home to School Transport				Planning	
Corporate	SEND Ofsted Improvement Plan	10		10	Planning	The SEND Ofsted Improvement Plan is robustly monitored and managed.
Operational / Regularity	Admissions and Appeals	15		15	Planning	Admissions and appeals are carried out in accordance the Government Code of Practice.
Operational / Regularity / Strategic Risk	Directorate Transformation Programme - Governance controls and delivery	25		25	Planning	Strong governance controls are in place to manage, monitor and deliver the Directorate's Transformation Programme.
Operational / Regularity	Responding to the Challenge of Improving Financial Management in Schools	15		15	Planning	Local Authority controlled schools are robustly managing their budgets, and the Local Authority has controls assurance in place.
Strategic Risk	Safeguarding	30		30		Robust corporate safeguarding processes are in place.
	- Directorate Compliance - Corporate DBS Process				Draft Report Issued	B/F 2022/23 plan
	- Corporate Overview				Planning	
Corporate	SEND - Sufficiency Strategy	15		15		There is a robust strategy to provide sustainable SEND services.

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	- Sufficiency Strategy Early Progress Review				Planning	
	- Sufficiency Strategy Assessment				Planning	
Operational / Regularity	Elective Home Education	10		10	Planning	Home Educated Children are safe and receive an appropriate education.
Operational / Regularity	Directorate Commissioning & Contract Management	20		20	Planning	Contract management within the Directorate is effective.
Operational / Regularity	Family Hubs	15		15	Planning	Robust controls over the management and delivery of the programme's expectations.
Operational / Regularity	Contract Monitoring - Birmingham Children's Trust (BCT)	20		20	Planning	Provide assurance that sufficient controls are in place to monitor and control the work of the BCT.
Operational / Regularity	Early Years Health & Well-being	15		15	Planning	The EYH&WB Contract is being robustly managed and delivering the services intended.
Operational / Regularity	Children not in Education	20		20	Planning	Children not in education are safe, accounted for and receive an education.
Operational / Regularity	Directorate Complaint Processes	15		15	APM Issued	Robust complaints processes are in place.
Operational / Regularity	School Exclusions	20		20	Planning	The Local Authority monitor school exclusions.
Operational / Regularity	Directorate Business Intelligence Function	15		15	Planning	The Business Intelligence function is delivering its service objectives.
Corporate	Safeguarding & Development - BCSB	20		20		Support the work of the BCSB and provide assurance over safeguarding arrangements.
	- Regional Section 11 Review				APM Issued	
	- Right Help Right Time				Draft Report Issued	
Schools	School Visits	540		540		Undertake a programme of school visits to provide assurance on finance and governance arrangements.
	Subtotal	845		845		

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	City Housing					
Operational / Regularity	Tenancy Management Services	20		20	Planning	Tenant Management arrangements are effective.
Strategic Risk	Homelessness	35		35		Focus will be on Temporary Accommodation Finance Management and the arrangements for responding to Ombudsman Homelessness cases.
	- Accommodation Finding Team				Final Report Issued	B/F 2022/23 plan
	- Temporary Accommodation Finance				In Progress	
	- Local Government Ombudsman - Homelessness Cases				In Progress	
Strategic Risk	Stock Condition Data	20		20	Planning	Appropriate arrangements have been established to assess the condition of the City's housing stock.
Operational / Regularity	Response to City Housing Self-Assessment	15		15	Planning	Self-assessment has been robustly completed, and for issues identified, appropriate action has been taken.
Operational / Regularity / Strategic Risk (funded by HRA)	Repairs	150		150		Support for ongoing Whistleblowing allegations and provide assurance over service delivery processes and procedures
	- Responsive Repairs - Voids - Gas R&M				In progress	
	- Job bookings and planning				Planning	
	- Ongoing response				Ongoing	
	Subtotal	240		240		
	City Operations					
Corporate	Waste Management	25		25	Planning	Arrangements and procedures for delivering an effective waste management service.
Operational / Regularity	Enforcement - Litter and Fly Tipping	10		10	APM Issued	Effectiveness of litter and fly tipping enforcement procedures.
Corporate	Resilience				Final Report issued	B/F 2022/23 plan

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
Operational / Regularity	Environmental Health				Final Report issued	B/F 2022/23 plan
Operational / Regularity	Grounds Maintenance - Performance Reporting				Final Report Issued	B/F 2022/23 plan
Operational / Regularity	The Wellbeing Service				Final Report Issued	B/F 2022/23 plan
	Subtotal	35		35		
	Council Management					
Operational / Regularity	Acivico Contract Monitoring	20		20	Planning	Contract monitoring is robust.
	- Reactive Maintenance				Final Report Issued	B/F 2022/23 plan
	- Contract Monitoring				Planning	
Operational / Regularity	Accountable Body	30		30		Discharge of accountable body responsibilities.
Governance	Ethics	10		10	Planning	Robust of ethical arrangements to support an honest and fair organisation.
Governance	Risk Management	10		10	Planning	Verify that the risk management framework is appropriate and being implemented across the organisation.
Governance	Governance	20		20	Planning	Robustness of governance arrangements.
Governance	Self-Assessment – Annual Good Governance Statement (AGS) Process	10		10	Planning	Appropriate arrangements are in place to produce a supportable AGS.
Technical	IT Policies	20		20	APM Issued	The Council's IT policy framework is adequate and there is suitable programme in place to review and updated policies and monitor compliance.
Technical	IT Project Governance	15		15	Planning	Robust IT project governance is in place to ensure that projects are delivered on time, within budget and to the required standards.

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
Technical / Strategic Risk	Information Governance	20		20	Planning	Adequate security and controls are in place to ensure compliance with The General Data Protection Regulations (GDPR) obligations.
Technical	Digital Strategy	20		20	Planning	The key themes of the strategy are being delivered in line with the stated outcomes of the ICTD Strategy implementation plan, and key milestones are being achieved.
Technical	IT Applications	30		30		Adequate arrangements in place to ensure the effective and secure management of the applications.
	- Treasury Management				Final Report Issued	B/F 2022/23 plan
	- CIVICA Pay				In Progress	B/F 2022/23 plan
	- RBIS				In Progress	B/F 2022/23 plan
	- PCI				Draft Report Issued	B/F 2022/23 plan
Technical / Strategic Risk	Cyber Risks	20		20		Adequate security and cyber security controls are in place.
	- Ongoing Engagement				Ongoing	
	- Schools Cyber Security				APM Issued	
Technical	IT / Digital Projects	40	(10)	30		Effective project governance and management arrangements are in place to support the implementation of individual projects. 10 days moved to Oracle.
	Subtotal	265	(10)	255		
	Place, Prosperity and Sustainability					
	Enterprise Zones	20		20	Planning	Adequate management arrangements in place for the EZ programme.
Strategic Risk	Clean Air	10		10		Adequate arrangements / strategies are in place to ensure the council / city will achieve net zero carbon by 2030.
	- Air Quality - Climate				Final Report Issued	B/F 2022/23 plan

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	- Clean Air Zone				In Progress	
Strategic Risk	Housing Development	15		15	Planning	Verify that effective arrangements have been established to develop and improve housing across the city.
Operational / Regularity	Planning Applications	20		20	Planning	Planning applications are controlled and processes in line with statutory guidelines.
	Subtotal	65		65		
	Strategy, Equalities and Partnerships					
Corporate	Cost of Living programme	15		15	Planning	Effective support arrangements are being implemented.
Strategic Risk	Public Health	30		30		Delivery of NICE requirements. Effectiveness of finance and operations.
	- Adherence to NICE guidelines NG44				Work Programme Produced	
	- Financial Management of grant allocations for non-recurrent external funding				In Progress	
	- Recruitment Practice – Compliance with Corporate Requirements and Processes				Planning	
Strategic Risk	Equality and Cohesion - Detailed Review of EINAs				Draft Report Issued	B/F 2022/23 plan
	Subtotal	45		45		
	Fraud / Irregularities					
Counter Fraud	Investigations	350		350		Reactive fraud investigation
Counter Fraud	Awareness	150		150		Targeted training and anti-fraud awareness
Counter Fraud	Proactive / compliance	200		200		Proactive antifraud / compliance reviews
	Subtotal	700		700		

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	Chargeable					
External	Work for Acivico	40		40		External work.
External	Grant Certification / chargeable work	80		80		External work.
	- GBSLEP Growth Hub Grant Certification				Complete	
	- Troubled Families April 2023 PBR Claim				In progress	
	- Bordesley Green East				Complete	
	- Family Funds Grant				Complete	
	- Troubled Families June 2023 PBR Claim				Complete	
	- Regional Investigations Team Grant Certification				In Progress	
	- Operation Beorma Grant Certification				In Progress	
	Subtotal	120		120		
Risk Facilitation	Risk Management Facilitation	50		50		Facilitation of risk management and the strategic risk register.
Ad-hoc / contingency / Other Assurance	Partnering / Insight / Contingency	470	(8)	462		Partnering / insight / contingency. 8 days moved to Oracle.
	- Ad-hoc Work - Clean Air Zone Management of Charges - Decision Making Process				Planning	
	- DBS Checks: Assisting with Implementation of KPMG Recommendations				In Progress	
	- HTST Safeguarding Steering Group				In Progress	
	- SEND Ofsted Improvement Plan On-going Monitoring				In Progress	
	- Early Intervention Community Team - Stage Two Review				In Progress	
	- Public Health - COMF Funding 22-23				Complete	

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	- Public Health - COMF Funding 23-24				Planning	
	- Ad-hoc Work Queries Advice to Client - Queries Taking Under Half a Day				Ongoing	
	- Ad-hoc Work - ENAs				Complete	
	- Youth Service Recruitment Processes				APM Issued	
	- Family Group Conferencing Team				In Progress	
	- WMS Service Delivery Monitoring				Ongoing	
	- Ad-hoc Work - Banking Briefing Note				Draft Issued	
	- Ad-hoc - City Housing: Procuring Temporary Accommodation Project				In Progress	
Follow up	Follow up work	175		175		Follow ups – verify progress and implementation of agreed recommendations
	- Assessment & Support Planning				Final Report Issued	B/F 2022/23 plan
	- Day Centres				Final Report Issued	B/F 2022/23 plan
	- IT Applications JADU				Final Report Issued	B/F 2022/23 plan
	- Placements - Supported Living				Final Report Issued	B/F 2022/23 plan
	- Commissioning and Monitoring Arrangements – Day Six Provision				Final Report Issued	B/F 2022/23 plan
	- Accounts Payable - One Time Payments and Request for Payments				Final Report Issued.	
	- Waste Management – Performance Reporting				Work Programme Produced	
	- NNDR Charity Relief – Mandatory & Discretionary				Final Report Issued	

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	- Engagement of Consultants-Interims				Work Programme Produced	
	- Placements – Discharge to Assess				Work Programme Produced	
	- Fleet Services – External Review				Work Programme Produced	
	- Enablement and Home Care				Work Programme Produced	
	- HTST - Early Progress Review				Final Report Issued	
	- Day Centres				Planning	
	- BACS				Planning	
	- Document Management 360				Planning	
	- Information Governance				In Progress	
	- General Data Protection Regulation (GDPR) Compliance E&S				Planning	
	- General Data Protection Regulation (GDPR) Compliance City Operations				Planning	
	- Data Breach Travel Assist				In Progress	
	- General Data Protection Regulation (GDPR) Compliance City Housing				In Progress	
	- GDPR compliance - Adult Social Care				Planning	
	- IT Asset and Configuration Management				Planning	
	- IT procurement				Planning	
	- Logotech - Treasury Management				Planning	
	- IT Governance				Planning	

Category	Activity	Original Plan	Adj	Current Days	Status	Scope of Planned Work / Assurance Sought
	- Impulse				In Progress	
	- MAPPs				Planning	
	- IT Operations				Planning	
	- IT Projects - Home to School Transport 365				Planning	
	- IT Applications JADU				Planning	
Other Assurance	Data Analysis	200		200		Data analysis / data driven assurance
	City Initiatives / Information Requests	20		20		Corporate initiative / responding to information requests
	Subtotal	915	(8)	907		
	Grand total	3990	0	3990		

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to: Audit Committee

Report of: Assistant Director, Audit & Risk Management

Date of Meeting: 19 July 2023

Subject: Risk Management Update

Wards Affected: All

1. Purpose of Report

- 1.1 To update Members on the management of strategic risks and implementation of the Risk Management Framework.

2. Recommendation

Audit Committee Members:

- 2.1 Note the progress in implementing the Risk Management Framework and the assurance and oversight provided by the Council Leadership Team (CLT).
- 2.2 Review the strategic risks and assess whether further explanation / information is required from risk owners in order to satisfy itself that the Risk Management Framework has been consistently applied.

3. Risk Management Framework

- 3.1 The Risk Management Framework sets out the processes for identifying, categorising, monitoring, reporting and mitigating risk at all organisational levels.
- 3.2 The framework is implemented through a network of Directorate Risk Representatives. Risk representatives assist directorate management teams in producing and maintaining up-to-date risk registers and supporting action plans.
- 3.3 Strategic risks are reviewed and challenged through the Corporate Leadership Team.

4. Strategic Risk Register

4.1 The Strategic Risk Register is reviewed monthly. CLT have proposed:

- Increasing the residual risk rating to a high likelihood and impact for Risk 2.3 Financial Resilience.
- Adding a Strategic Risk for Oracle (in addition to a whole suite of risks managed by the recovery team)
- Adding a Strategic Risk for Equal Pay / Job Evaluation

4.2 The latter 2 risks are currently in draft and proposed changes will be considered by the Corporate Leadership Team at their next assurance focused meeting.

4.3 The revised strategic risks have been plotted on a heat map within Appendix A and are summarised within Appendix B. The profile of the strategic risks, against each 'PESTLE' category is given below:

Residual Risk Exposure	Severe	Material	Tolerable	Total
SR1 - Political				
SR2 - Economical	1		1	2
SR3 - Social		5		5
SR4 - Technological		2		2
SR5 – Legal	4		1	5
SR6 - Environmental	3	1		4
SR7 - Cross Cutting	1	4		5
totals	9	12	2	23

4.4 Risk SR5.1 Inadequate Property Portfolio (including Health & Safety and Working conditions) remains with a High / High residual likelihood and impact score

4.5 Assurance on the management of these risks has been provided, or is scheduled on the Committee's work programme, via the Cabinet Member Assurance Sessions.

4.6 Risks are assigned weightings according to the definitions set out in the Strategic Risk Management Framework as follows:

Measures of likelihood:

Description	Example Detail Description
High	Almost certain, is expected to occur in most circumstances. Greater than 80% chance.
Significant	Likely, will probably occur in most circumstances. 50% - 80% chance.
Medium	Possible, might occur at some time. 20% - 50% chance.
Low	Unlikely, but could occur at some time. Less than 20% chance.

Measures of impact:

Description	Example Detail Description
High	Critical impact on the achievement of objectives and overall performance. Critical opportunity to innovate/improve performance missed/wasted. Huge impact on costs

	and/or reputation. Very difficult to recover from and possibly requiring a long-term recovery period.
Significant	Major impact on costs and objectives. Substantial opportunity to innovate/improve performance missed/wasted. Serious impact on output and/or quality and reputation. Medium to long term effect and expensive to recover from.
Medium	Waste of time and resources. Good opportunity to innovate/improve performance missed/wasted. Moderate impact on operational efficiency, output and quality. Medium term effect which may be expensive to recover from.
Low	Minor loss, delay, inconvenience or interruption. Opportunity to innovate/make minor improvements to performance missed/wasted. Short to medium term effect.
5. Directorate Risks	
5.1	Each Directorate maintains their own risk registers. These Directorate risk registers contain the operational risks facing the Council and are managed at a local level.
5.2	The top operational risks are being captured as part of the ongoing corporate business planning process and will be subject to a similar level of scrutiny as Strategic Risks. This will include reporting all significant operational risks to the Audit Committee.
6. Role of the Audit Committee	
6.1	Members have a key role within the risk management and internal control processes.
6.2	The Audit Committee terms of reference, sets out its responsibilities and in relation to risk management these are: <ul style="list-style-type: none"> • providing independent assurance to the Council on the effectiveness of the risk management framework and the associated control environment; • whether there is an appropriate culture of risk management and related control throughout the Council; • to review and advise the Executive on the embedding and maintenance of an effective system of corporate governance including internal control and risk management; and • to give an assurance to the Council that there is a sufficient and systematic review of the corporate governance, internal control and risk management arrangements within the Council.
7. Legal and Resource Implications	
7.1	The work carried out is within approved budgets.

8. Equality Impact Assessment Issues

8.1 Risk management forms an important part of the internal control framework within the Council.

8.2 The Council's risk management framework has been Equality Impact Assessed and was found to have no adverse impacts.

9. Compliance Issues

9.1 Decisions are consistent with relevant Council Policies, Plans and Strategies.

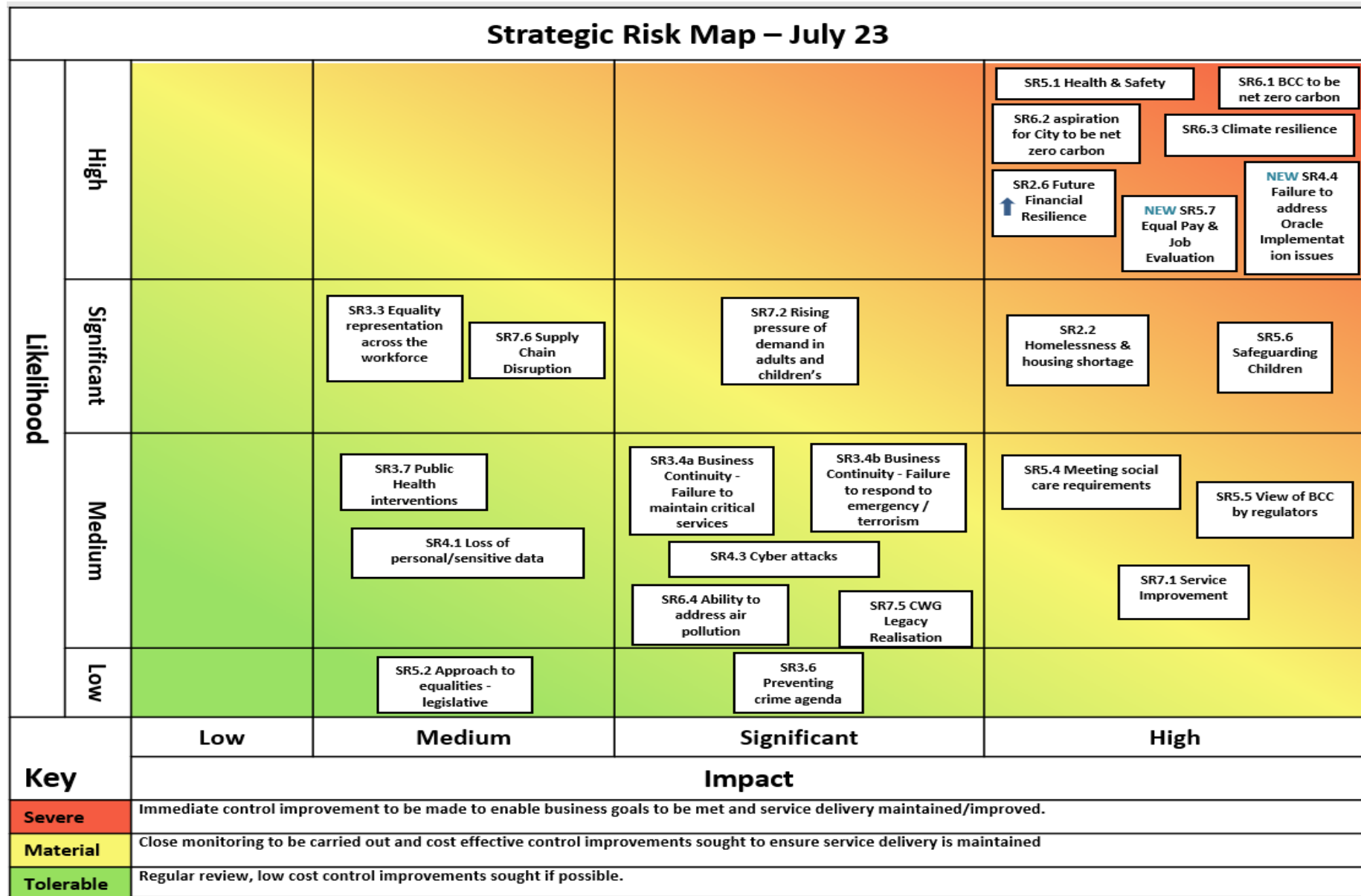
Sarah Dunlavey

Assistant Director, Audit & Risk Management

Telephone No: 0121 675 8714

e-mail address: sarah.dunlavey@birmingham.gov.uk

Risk Heat Map, Changes February – June 2023



Strategic Risk Register – Summary

Risk No.	Risk	Risk Owner	Inherent Risk	Residual Risk	Target Risk	Direction of Travel	Action Status					
							Red	Amber	Green	Not Rated	Total	
SR2 Economic												
SR2.2	Homelessness and less affordable housing with rising housing requirements	Director – PPS & Director City Housing	Severe	Severe	Material	↔	0	6	1	0	7	
SR2.6	Future Financial Resilience	Director Council Management	Severe	Tolerable	Tolerable	↑	0	0	3	0	3	
SR3 Social												
SR3.3	Equality representation	Director of People Services	Material	Material	Tolerable	↔	0	1	1	0	2	
SR3.4a	Significant disruption to Council services (Business continuity) and failure to effectively maintain critical services	Chief Executive	Severe	Material	Material	↔	0	0	2	0	2	
SR3.4b	Disruption to Council services (Business continuity) and failure to effectively manage and respond to emergency incidents, including acts of terrorism.	Chief Executive	Severe	Material	Material	↔	0	1	0	0	1	
SR3.6	Inability to effectively influence the preventing crime agenda	Director City Operations	Severe	Material	Tolerable	↔	0	2	3	0	5	
SR3.7	Public Health approach to early interventions ineffective	Director of Public Health	Severe	Material	Tolerable	↔	0	4	0	0	4	
SR4 Technological												
SR4.1	Loss of personal and sensitive data	Assistant Director for IT&D & CIO	Material	Material	Tolerable	↔	0	0	4	0	4	
SR4.3	Risk of Cyber Attacks	Assistant Director for IT&D & CIO	Material	Material	Material	↔	0	0	3	0	3	

Appendix B

Risk No.	Risk	Risk Owner	Inherent Risk	Residual Risk	Target Risk	Direction of Travel	Action Status					
							Red	Amber	Green	Not Rated	Total	
SR4.4	Failure to address Oracle implementation issues	CLT / SRO	Severe	Severe	Tolerable	NEW						
SR5 Legal												
SR5.1	Health and Safety factors associated with property, assets, and activities use to delivery services	CLT / Directorate Leads / Managers / Employees	Severe	Severe	Material	↔	3	6	3	0	12	
SR5.2	Ineffective approach to Equalities	Director Strategy, Equality and Partnerships	Severe	Tolerable	Tolerable	↔	0	2	1	0	3	
SR5.4	Inability to fully meet social care requirements	Director of Children and Families	Severe	Severe	Tolerable	↔	0	2	0	0	2	
SR5.5	View of BCC by Regulators	Directors of Children and Families and Adult Social Care	Severe	Severe	Tolerable	↔	0	5	2	0	7	
SR5.6	Safeguarding Children	Directors of Children and Families	Severe	Severe	Tolerable	↔	0	1	3	0	4	
SR5.7	Equal Pay / Job Evaluation	CLT / Director of Council Management	Severe	Severe	Tolerable	NEW						
SR6 Environmental												
SR6.1	Birmingham City Council to be net zero carbon by 2030	Director of Planning, Transport & Sustainability	Severe	Severe	Material	↔	0	0	0	4	4	
SR6.2	Council aspiration for the City to be net zero carbon by 2030	Director of Planning, Transport & Sustainability	Severe	Severe	Material	↔	0	4	0	0	4	
SR6.3	A climate resilient and adapted Council and city	Director of Planning, Transport & Sustainability	Severe	Severe	Material	↔	0	4	3	0	7	

Appendix B

Risk No.	Risk	Risk Owner	Inherent Risk	Residual Risk	Target Risk	Direction of Travel	Action Status				Total
							Red	Amber	Green	Not Rated	
SR6.4	Ability to address air pollution	Director of Planning, Transport & Connectivity	Material	Material	Material	↔	0	3	1	0	4
SR7 Cross Cutting											
SR7.1	Service Improvement	Director of Council Management	Severe	Material	Tolerable	↔	0	3	1	0	4
SR7.2	Rising pressure of demand	Directors of Children and Families / Adult Social Care	Severe	Severe	Tolerable	↔	0	8	5	0	13
SR7.5	Birmingham 2022 Commonwealth Games Legacy Realisation	Chief Executive	Material	Material	Tolerable	↔	1	2	2	0	5
SR7.6	Supply Chain Disruption	Director of Council Management	Severe	Material	Tolerable	↔	0	4	1	0	5

Residual Risk Direction of Travel Index


↔ Risk Unchanged


↓ Risk Decreased


↑ Risk Increased

BIRMINGHAM CITY COUNCIL**AUDIT COMMITTEE****19 July 2023****SCHEDULE OF OUTSTANDING MINUTES**

Note: As of 30 September 2021 – Responses to outstanding actions to be made within a 2 month period unless there is an exceptional reason.

 Completed & discharged

 Approaching 2 months

 2 months +

MINUTE NO./DATE	SUBJECT MATTER	COMMENTS
529 22/11/2022	<p><u>ASSURANCE SESSION - CABINET MEMBER SOCIAL JUSTICE, COMMUNITY, SAFETY & EQUALITIES PORTFOLIO</u></p> <p><u>Additional actions:</u></p> <p>That the Audit Committee:</p> <p>(iii) Agreed for officers to provide further details on the eligibility for the School meals during the holidays, details on the Ukraine Response Programme and the outstanding queries raised at the meeting.</p>	<p>Richard Brooks Director - Strategy, Equality & Partnerships to respond (Awaiting response)</p> <p>Update provided by Janie Berry at 28 March meeting. Link to O&S papers circulated 30/05/2023</p> <p>COMPLETED & DISCHARGED</p>
544 31/01/2022	<p><u>ASSURANCE SESSION - CABINET MEMBER SOCIAL JUSTICE, COMMUNITY, SAFETY & EQUALITIES PORTFOLIO (PART 2)</u></p> <p><u>Additional actions:</u></p> <p>That the Audit Committee:</p> <p>(ii) Requested for regular updates on the progress and developments around Job Evaluation to be shared with the Committee.</p>	<p>Email was circulated to Members on 27/03/2023 with the response to this action.</p> <p>Darren Hockaday offered to present an update on JE at the next Audit Committee (if required)</p> <p>Darren Hockaday – Director of HR & Organisation Development COMPLETED & DISCHARGED</p>

MINUTE NO./DATE	SUBJECT MATTER	COMMENTS
	(iii) Further details around flexible working, policy, performance of hybrid homeworking (new ways of working) data to be shared with the Committee.	Email was circulated to Members on 27/03/2023 with the response to this action. COMPLETED & DISCHARGED
560 14/02/2023	<p><u>THE LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN AND THE HOUSING OMBUDSMAN ANNUAL REVIEW 2021/22</u></p> <p><u>Additional Actions:</u></p> <p>(iii) Agreed for a representative from both the Local Government and Social Care Ombudsman's (LGSCO) and Housing Ombudsman's (HO) to provide a briefing session to Audit Committee Members to understand the role of the Ombudsman.</p> <p>(iv) Details of the number of complaints for 2022-23 across the organisation to be shared with Committee Members.</p>	<p>LGSCO representatives attending 19 July meeting to provide a briefing.</p> <p>Email was circulated to Members on 11/07/2023 with a response to this action.</p> <p>Dawanna Campbell & Janie Berry</p> <p>COMPLETED & DISCHARGED</p>
562 14/02/2023	<p><u>RISK MANAGEMENT UPDATE</u></p> <p><u>Additional Action:</u></p> <p>(iii) A report to be discussed at the next meeting on an audit investigation in the media that resulted in a custodial sentence.</p>	<p>Email circulated by Sarah on 27/06/2023 with a briefing note.</p> <p>Sarah Dunlavey</p>
575 28/03/2023	<p><u>GROUP COMPANY GOVERNANCE – INFORMING THE AUDIT RISK ASSESSMENT</u></p> <p><u>Additional Action:</u></p> <p>(ii) An offline briefing session to be arranged for Committee Members to understand the work undertaken by Cabinet Committee Group Company Governance.</p>	<p>Alison Jarrett/ Mohammed Sajid/ Committee Services</p>

MINUTE NO./DATE	SUBJECT MATTER	COMMENTS
576 28/03/2023	<p><u>AUDIT FINDINGS REPORT 2020/21 AND 2021/22</u></p> <p><u>Additional Action:</u></p> <p>(ii) Suggested for officers to compile a dashboard indicating recruitment across the organisation indicating targets, workforce planning across service areas.</p>	<p>Email was circulated to Members on 19/06/2023 with the response to this action.</p> <p>COMPLETED & DISCHARGED</p>
577 28/03/2023	<p><u>APPROVAL OF THE STATEMENT OF ACCOUNTS 2020/21 AND 2021/22</u></p> <p><u>Additional Action:</u></p> <p>(vi) Officers to arrange an offline briefing via the Treasury Advisor for committee members to gain a better understanding on affordable borrowing.</p>	<p>Contact made to David Green on 08.06.2023. Dates to be explored before sharing with Committee Members.</p> <p>Mohammed Sajid/ Committee Services</p>
603 28/06/2023	<p><u>UPDATE FROM THE EXTERNAL AUDITORS</u></p> <p><u>Additional Action:</u></p> <p>(ii) Agreed for a report on Equal Pay to be provided at the next meeting 19 July 2023.</p> <p>(iii) Noted a briefing session to be delivered by the External Auditors on Equal Pay and Oracle.</p>	<p>Committee Services</p> <p>External Auditors</p>

