

<b>INREACH (BIRMINGHAM)</b>	
<b>Question</b>	<b>Response</b>
<b>Company Environment</b>	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	<ul style="list-style-type: none"> <li>- INReach has two directors appointed by BCC who are both senior officers within BCC with extensive knowledge and experience in housing development sector and finance.</li> <li>- INReach has no direct employees</li> <li>- INReach has a service contract with BCC to provide specialist skills in housing development, finance and legal services.</li> </ul>
How does the company ensure that Directors engage fully with the company and what is the record of attendance	<ul style="list-style-type: none"> <li>- Quarterly Board meetings are held, and the Directors have 100% attendance record.</li> </ul>
Please explain the system of governance and the financial control environment within the company	<ul style="list-style-type: none"> <li>- INReach employed KPMG as its accountant.</li> <li>- XERO accountancy system is used for bookkeeping, production of monthly management accounts and year end accounts.</li> <li>- A dual authorisation process is required for banking with Barclays.</li> </ul>
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	<ul style="list-style-type: none"> <li>- All reporting is via INReach Board for approval and sign off.</li> </ul>
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	<ul style="list-style-type: none"> <li>- Monthly management reports are produced</li> <li>- Company cashflow is reviewed monthly</li> <li>- The Business Plan is reviewed and updated every six months.</li> <li>- INReach Risk Register is reviewed monthly</li> </ul>

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What is the company's approach to the development of business continuity plans.	<ul style="list-style-type: none"> <li>- INReach risk management plan</li> <li>- Business continuity Insurance</li> </ul>
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	<ul style="list-style-type: none"> <li>- INReach does not hold or process any personal data, contracted parties are required to be fully compliant with GDPR requirements</li> </ul>
<b>The Identification, Mitigation and Reporting of Risk</b>	
Please set out your management's views on your risk assessment process as it related to financial reporting.	<ul style="list-style-type: none"> <li>- The risk register is reviewed on a monthly basis at project group and reported to board a quarterly basis.</li> </ul>
Please set out your management's processes for identifying and responding to risks of fraud.	<p>INReach has put in place processes across the business to identify and reduce the risk of fraud. This includes but not limited to segregation of duties, approvals and financial reporting.</p> <p>INReach Risk Register and scheme specific Risk Register are reviewed and updated by the Project Lead on a monthly basis. The Risk Register is also reviewed by the Director(s) on a quarterly basis.</p> <p>The Accountant Services review INReach accounts and identify and report any risk of fraud.</p> <p>Annual external audit is conducted to review, identify and report any risk of fraud.</p>

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How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	<ul style="list-style-type: none"> <li>- Quarterly monitoring is via the risk register</li> </ul>
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	<ul style="list-style-type: none"> <li>- Management agreement with Pinnacle, potential risk around rent collection on behalf of INReach. This is mitigated by monthly report of voids, arrears and rent collection and access to their IT system which provides INReach with full transparency in relation to rent collection.</li> </ul>
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	<ul style="list-style-type: none"> <li>- Risk register and board meeting</li> </ul>
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	<ul style="list-style-type: none"> <li>- None</li> </ul>
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	<ul style="list-style-type: none"> <li>- Via the risk register and board meeting</li> </ul>
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	<ul style="list-style-type: none"> <li>- Monthly management accounts are shared with BCC as INReach's sole shareholder</li> <li>- Updates and performance are discussed at BCC Partnership board attended by INReach director(s)</li> </ul>
How would the company communicate any breach of GDPR requirements to the Council.	<ul style="list-style-type: none"> <li>- Promptly and in writing.</li> </ul>

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What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	<ul style="list-style-type: none"> <li>- Insurance Cover summary attached</li> <li>- Through its engagement of Accountant</li> </ul>
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	<ul style="list-style-type: none"> <li>- none</li> </ul>
<b>Financial Statements</b>	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	<ul style="list-style-type: none"> <li>- Through ongoing dialogue with its Accountancy Service.</li> </ul>
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	<ul style="list-style-type: none"> <li>- Final account settlement with development contractor Nov 2019.</li> </ul>
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	<ul style="list-style-type: none"> <li>- INReach's key asset is Embankment which is a 92 apartment building, any impairment is dependent on the property valuation.</li> </ul>

# Birmingham City Council 2019-20 Informing the Audit Risk Assessment

## Group Accounts Preparation

## Appendix 1

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Question	Response
Please set out details of any indemnities or guarantees that the company has given.	- None
Please set out details of any indemnities or guarantees that the company has received.	- None
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	- None
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	- Audit report attached
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	- There are currently plans in place to expand INReach with the proposed acquisition of two city centre sites for development.