

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	AUDIT COMMITTEE
Report of:	Corporate Director, Finance & Governance
Date of Decision:	30 January 2018
SUBJECT:	GROUP COMPANY GOVERNANCE – INFORMING THE AUDIT RISK ASSESSMENT
Wards Affected: All	
1. Purpose of Report	
1.1 The Council has created a number of companies that fall within its sphere of control, either as wholly owned subsidiaries, associates where the Council has significant influence, Joint Ventures or other arrangement. The Council has to consider whether there are risks to the Council either through misuse of funds or misstatement of activities.	
1.2 The larger entities within the overall Council group boundary have been asked to provide information through the completion of a questionnaire to allow members to gain assurance that funds are being used efficiently and effectively. The responses provided are attached at Appendix 1.	
1.3 This report should be read in conjunction with the report on the private agenda as information contained herein is not repeated in the private report.	
2. Decisions recommended:	
2.1 Members are asked to note the responses received to inform the audit risk assessment.	

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3. Compliance Issues:

- 3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies:
The production of annual group accounts is a statutory requirement to consolidate entities that are controlled by the Council and are material to its activities.
- 3.2 Relevant Ward and other Members /Officers etc. consulted on this matter:
The Chair of the Committee has been consulted.
- 3.3 Relevant legal powers, personnel, equalities and other relevant implications (if any):
Section 151 of the Local Government Act requires the Corporate Director of Finance and Governance (as responsible officer) to ensure proper administration of the Council's financial affairs.
- 3.4 Will decision(s) be carried out within existing finances and resources?
Yes.
- 3.5 Main Risk Management and Equality Impact Assessment Issues (if any):
The issues raised in this report are largely of a technical financial nature.

4. Relevant background/chronology of key events:

- 4.1 An exercise is carried out each year to determine the "Group Boundary", that is to define which subsidiaries, associates and joint ventures are consolidated with the Council's financial statements to produce Group Accounts. This report includes assurance statements from those companies that meet the criteria for consolidation or which may meet the criteria in the near future. Appendix 1 is a collated set of responses to these questions.
- 4.2 A review of the Group Boundary has been undertaken and it is considered that two companies should no longer be included within the Group Accounts as it is considered that the Council does not have control over the entities and has no right over the assets of the entities, namely Birmingham Museums Trust and Performances Birmingham Limited. The Council does not have the right to appoint or remove a majority of the board of directors of either company, cannot receive dividends and if either company were to be dissolved, the Council, as a member of the companies cannot receive any assets. The Articles of Association state that any assets on dissolution of either company must be applied for charitable purposes as directed by the Courts or the Charity Commission.
- 4.3 The Council sold its shares in Service Birmingham on 31 December 2017 so this disposal means the company is no longer controlled by the Council.
- 4.4 The Cabinet Committee - Group Company Governance reviews the activities of the Council's companies and can consider any appropriate mitigating actions where necessary.

Signature :

Corporate Director, Finance & Governance:

Dated:

List of Background Documents used to compile this Report:

None

Appendix 1

Responses from:

Acivico Limited

Birmingham Airport Holdings Limited

Finance Birmingham Limited

Innovation Birmingham Limited

InReach Limited

The National Exhibition Centre (Developments) Plc

Paradise Circus Limited Partnership

PETPS (Birmingham) Limited

PETPS (Birmingham) Capital Limited

PETPS (Birmingham) General Partner Limited

PETPS (Birmingham) Pension Funding Scottish Limited Partnership

Question - Acivico	Response
<p>Your Management's views on your control environment, the process of reviewing the effectiveness of the system of internal controls and the results of any review.</p>	<p>Acivico uses the same systems and processes as Birmingham City Council. There are adequate internal controls within systems to help prevent, deter and detect fraud, errors or system anomalies.</p> <p>Compliance with controls is monitored by management as part of day to day governance arrangements and is reviewed by Internal Audit as part of delivery of the internal audit plan.</p> <p>Acivico's financial processes undergo continuous review and are constantly updated to reflect any changes required due to the operation of Acivico as a commercial company. All reviews are either reported through internal or external audit and significant findings reported to the Acivico Audit Committee, Acivico Leadership Team and Acivico Board.</p>
<p>Your Management's views on your risk assessment process as it related to financial reporting.</p>	<p>Acivico uses the same financial systems and processes as Birmingham City Council. There are regular risk assessments carried out by management and risks are addressed appropriately within the timescales identified as being high, medium, low risk. Financial reporting is corroborated by financial systems and are reviewed by external audit and internal audit as part of the delivery of the internal audit plan. A full risk assessment is also presented to the Strategic Partnership Board in Birmingham City Council as a requirement of the Acivico/Birmingham City Council contract, to the Acivico Audit Committee and to the Acivico Board, which has two Birmingham City Council members and three non-executive officers as Directors, plus the CEO of Acivico.</p>
<p>The appropriateness of accounting policies to be used in the period, and whether any changes in activities could require them to be updated.</p>	<p>Accounting policies applied during the period are still appropriate and are to continue to be used in the future. These policies are reviewed regularly to determine if they are</p>

Question - Acivico	Response
	<p>appropriate to the way in which Acivico now operates as a commercial entity and discussed at Senior Leadership Team within Acivico and/or Acivico Board. Discussions are also held with external auditors on the need to change any accounting policies as appropriate.</p>
<p>Your Management's processes for identifying and responding to risks of fraud.</p>	<p>Acivico uses the same systems and processes as Birmingham City Council and therefore uses the Council's Anti-Fraud and Corruption Policy and Fraud Response plan which set out the 'zero tolerance' stance to fraud. This is supported by Financial Regulations which require all suspicions of financial irregularity to be reported to Internal Audit.</p> <p>Fraud awareness information is available on PSPG, which Acivico has access to and electronic training material is available specifically targeted at managers.</p>
<p>How those charged with governance monitor management's processes for identifying and responding to risks of fraud.</p>	<p>Acivico uses the same systems and processes as Birmingham City Council and therefore Internal Audit provides the Acivico Audit Committee and the BCC Audit Committee with updates of their work on fraud prevention and detection, including any significant identified frauds and the action taken on behalf of Acivico.</p> <p>The Committee receives an annual report on fraud and updates on other initiatives eg National Fraud Initiative.</p>
<p>Fraud risks , including specific accounts or classes of transactions where fraud risks have been identified.</p>	<p>Although there is an on-going risk of fraud being committed against Acivico, arrangements are in place to both prevent and detect fraud. These include work carried out by Internal Audit on the internal audit plan for Acivico.</p> <p>The risk of material misstatement of the accounts due to undetected fraud is low.</p>

Question - Acivico	Response
<p>How management communicate to those charged with governance regarding business risks (including fraud).</p>	<p>Acivico uses the same systems and processes as Birmingham City Council and therefore Internal Audit provides the Acivico Audit Committee and the BCC Audit Committee with updates of their work on fraud prevention and detection, including any significant identified frauds and the action taken on behalf of Acivico.</p> <p>The Committee receives an annual report on fraud and updates on other initiatives eg National Fraud Initiative.</p>
<p>Your Management's awareness or allegations of fraud, errors, or other irregularities during the period.</p>	<p>Senior Management are made aware in detail of any allegations of fraud as they affect them and their staff, via discussions with the Chief Executive and Head of Acivico Finance as appropriate. Serious fraud issues are also reported to the Acivico Board and the Acivico Audit Committee as appropriate, however, there have been none to date.</p>
<p>Management's awareness of transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.</p>	<p>Any events that would give rise to recognition or disclosure of significant accounting estimates are reported to both the Senior Leadership Team of Acivico, Acivico Audit Committee and to the Acivico Board. Such matters are also reported to the AD Finance in Birmingham City Council.</p>
<p>How your organisation would raise BCC's Audit Committee's awareness of fraud or suspected fraud.</p>	<p>Acivico uses the same systems and processes as Birmingham City Council and therefore Internal Audit provides the Acivico Audit Committee and the BCC Audit Committee with updates of their work on fraud prevention and detection, including any significant identified frauds and the action taken on behalf of Acivico.</p> <p>The Committee receives an annual report on fraud and updates on other initiatives eg National Fraud Initiative.</p>

Question - Acivico	Response
How your organisation would communicate financial risks to BCC e.g. losses.	Monthly meetings with AD of Finance, BCC staff at Strategic Partnership Board and meetings by exception, as necessary.

Question – Birmingham Airport	Response
<p>Your Management's views on your control environment, the process of reviewing the effectiveness of the system of internal controls and the results of any review.</p>	<ul style="list-style-type: none"> • The Airport has a robust Internal Audit (IA) function which periodically reviews the financial functions and findings are reported through to the Airport's Audit Committee. IA reviews carried out during 2017/18 and as with previous years' support strong accounting and have highlighted no major concerns. • In addition the external audit review carried out by PwC on both the controls framework of The Airport, which is an equally important review for certifying accuracy of records, and the yearend statutory review have both demonstrated strong financial records and have highlighted strong controls and no major concerns. •
<p>Your Management's views on your risk assessment process as it related to financial reporting.</p>	<p>The risk assessment process is 'fit for purpose' and is supported by a robust internal audit function and external audit review. In addition we keep proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and group.</p> <ul style="list-style-type: none"> • Annually we set Budgets which outline the forthcoming year's expectations for financial and statistical results. Budgets are a useful function to benchmark and compare actual results against which could potentially highlight inaccuracies with accounting. • The Airport prepares Monthly management accounts (and adopted FRS102 (new UK GAAP) during 2015/16 and the monthly management accounts are being prepared on this basis), reporting actual results against budget on a monthly basis in a timely manner. In addition the report includes Key Performance Indicators (KPIs) which are traffic lighted (red, amber, green) which direct attention to variances from prior

Question – Birmingham Airport	Response
	<p>year and Budget. The process includes investigating variances to budget with any anomalies identified and followed through to resolution.</p> <p>The management accounts process is a thorough robust process and is able to disclose at any point in time the financial position of the company, subject to any processes that only occur at yearend such as actuarial valuations in accordance with accounting standard FRS102.</p>
<p>Matters and events which occurred during the year that could influence your audit approach or BCC’s consolidated financial statements.</p>	<p>None to report at this point in time.</p>
<p>The appropriateness of accounting policies to be used in the period, and whether any changes in activities could require them to be updated.</p>	<p>The financial statements continue to be prepared and comply with New United Kingdom Generally Accepted Accounting Practice (UK GAAP) following the adoption in 2015/16.</p> <ul style="list-style-type: none"> • To the best of our knowledge using the experience and professional knowledge of staff and external guidance, the financial statements have been prepared in accordance with New UK GAAP and the Companies Act 2006. • It should be noted that during 2017/18 there have been no fundamental changes within The Airport which would raise any concerns with regard to financial statements being prepared consistently with previous years. <p>We have selected and applied consistently, suitable accounting policies that are relevant to the company’s and group’s business</p> <ul style="list-style-type: none"> • The accounting policies adopted during the year are consistent with those applied in prior years. <p>Accounting Policies are considered with any new area which</p>

Question – Birmingham Airport	Response
	arises during the year.
Your Management's processes for identifying and responding to risks of fraud.	<ul style="list-style-type: none"> • Where risks of fraud are apparent or have been identified by internal audit or external auditors, management responds to these by reviewing existing controls and where necessary implementing additional controls. • Consideration to risks of fraud forms part of Management's processes, for example additional controls were implemented to reduce the risk of fraud on changing supplier bank account details.
How those charged with governance monitor management's processes for identifying and responding to risks of fraud.	<p>The Airport has a robust Internal Audit (IA) function which periodically reviews the financial functions and findings are reported through to the Airport's Audit Committee (AC).</p> <ul style="list-style-type: none"> • The IA function reports to the Chair of the Audit Committee and reports independently from management to the AC three times per annum. <p>The Executive Board (EB) of directors formally reports to the Board six times per annum, any concerns raised by the EB are followed up with further supporting work and reporting.</p>
Fraud risks , including specific accounts or classes of transactions where fraud risks have been identified.	<p>PWC identified during the economic downturn that there had been an increase in fraudulent activities in changing bank details held within supplier payment ledgers, with employee's changing bank details from supplier's details to their own personal details. Immediately following this awareness, The Airport increased its controls in this area and these were subsequently reviewed by the Internal audit and external auditors for satisfactory compliance.</p>

Question – Birmingham Airport	Response
How management communicate to those charged with governance regarding business risks (including fraud).	Internal Audit maintain a risk register which is updated by management and is reported to the Audit Committee three times per annum highlighting any changes.
Your Management's awareness of any events or changes in circumstances that would cause an impairment of non-current assets.	Management are not aware of any events or changes in circumstances that would cause an impairment of non-current assets. Should there be an awareness of this situation then Management would report through the Executive Board and then subsequently through to the Board.
Your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	No fraudulent or irregularities have been identified by the Directors or the Internal and External audit process.
Management's awareness of transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	<p>The Airport's judgements and estimates made are reasonable and prudent.</p> <ul style="list-style-type: none"> • The Airport makes relatively few judgments and estimates in preparing the financial statements and where the directors have had to make provisions they are reasonable and prudent. <p>The provisions held are subject to a timed release policy where any greater than three years old are subject to a phased release, provisions held with this policy highlighted during PwC's review and identified within their audit report</p>
How your organisation would raise BCC's Audit Committee's awareness of fraud or suspected fraud.	The Airport's Board and Audit Committee include representatives from BCC and therefore any fraud or suspected fraud would be reported to BCC via their representatives on these bodies.
How your organisation would communicate financial risks to BCC e.g. losses.	The Airport's Board includes representatives from BCC and therefore any financial risks would be reported to the Board and hence BCC would be informed through this channel.

Question – Finance Birmingham	Response
Your Management's views on your control environment, the process of reviewing the effectiveness of the system of internal controls and the results of any review.	As an FCA regulated company, Finance Birmingham has good and comprehensive governance and risk policies, including whistleblowing. Financial controls exist and a full accounts audit is undertaken by a third party (currently Grant Thornton) on an annual basis. Additionally, contracts are in place with external compliance advisors.
Your Management's views on your risk assessment process as it related to financial reporting.	The company's financial performance is reported at every Board meeting – an anomalies are reported immediately. BCC officers and Councillors attend FB board meetings.
Matters and events which occurred during the year that could influence your audit approach or BCC's consolidated financial statements.	None.
The appropriateness of accounting policies to be used in the period, and whether any changes in activities could require them to be updated.	Accounting policies remain consistent – no changes required.
Your Management's processes for identifying and responding to risks of fraud.	The senior operations team meets weekly and any identified risk of fraud would be managed via this team, led by the Compliance and Regulation Director.
How those charged with governance monitor management's processes for identifying and responding to risks of fraud.	Any instances of fraud would be immediately reported to the Board by the CEO. Management ensures that there is the appropriate segregation of duties in place to ensure that the risk of fraud is minimised.
Fraud risks , including specific accounts or classes of transactions where fraud risks have been identified.	None.
How management communicate to those charged with governance regarding business risks (including fraud).	Through regular (weekly) operational meetings.
Your Management's awareness of any events or changes in circumstances that would cause an impairment of non-current assets.	None.

Question – Finance Birmingham	Response
Your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	None.
Management's awareness of transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	None.
How your organisation would raise BCC's Audit Committee's awareness of fraud or suspected fraud.	The CEO would report to the FB board and, at the same time, raise awareness with senior BCC officers.
How your organisation would communicate financial risks to BCC e.g. losses.	Through financial updates and review of management accounts at monthly board meetings.

Question – Innovation Birmingham	Response
Your Management's views on your control environment, the process of reviewing the effectiveness of the system of internal controls and the results of any review.	We have internal HR and financial policies which has been agreed with Management and are adhered to. These are reviewed and updated regularly. Management is happy with the internal controls in place but the management is always proactive in reducing the risks further by making any necessary changes to the controls as and when needed. Fraud is rare within the business.
Your Management's views on your risk assessment process as it related to financial reporting.	Management is confident that the Financial policies in place are sufficient to manage the financial reporting risks. These reports are also assessed by the external auditors, Grant Thornton who also produce an audit findings report which is reviewed by the Directors of the business.
Matters and events which occurred during the year that could influence your audit approach or BCC's consolidated financial statements.	The increasing time pressures placed on the company by the BCC requirements for the final accounts to be completed earlier to meet its requirements has meant that our year end accounts process and audit dates have been pushed earlier in the year to meet these tight deadlines.
The appropriateness of accounting policies to be used in the period, and whether any changes in activities could require them to be updated.	No issues have arisen on the accounting policies used in the period and no significant changes in activities are planned. No issues were raised by our auditors during the audit.
Your Management's processes for identifying and responding to risks of fraud.	We have an Executive Management team which formally meets regularly (at least twice a month). Any identified risk of fraud would be managed via this management team and would be monitored and managed via the company risk register. The formal risk register is regularly reviewed by Management and

Question – Innovation Birmingham	Response
	shared with the Directors of the business during the quarterly board meetings. The Risk Register is also reviewed in detail annually by the Board’s Audit and Remuneration Committee.
How those charged with governance monitor management's processes for identifying and responding to risks of fraud.	Once the management team identifies risk of fraud, it would go onto the risk register and the management team would take the necessary steps to reduce the risk.
Fraud risks , including specific accounts or classes of transactions where fraud risks have been identified.	No major area of potential fraud risk was identified by our auditors in 2016-17.
How management communicate to those charged with governance regarding business risks (including fraud).	The company’s management team meet regularly (formally at least once a month) and is responsible for managing business risk. During these management meetings, any potential risks would be communicated and managed. This risk register (Summarised version) is also shared with the Board of Directors at each board meeting.
Your Management's awareness of any events or changes in circumstances that would cause an impairment of non-current assets.	Main asset we hold is the long term lease on Faraday Wharf and iCentrum. Management is aware that negative economic impacts along with occupancy figures falling significantly could result in an impairment of this asset. The property is valued each year either externally or by the Directors of the business. We also hold a shareholding in a new start up business. We receive regular board papers for this start-up company so any negative news would be communicated to our management team which may result in impairment.
Your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	The Management is not aware of any allegations of fraud, errors or other irregularities during this period.

Question – Innovation Birmingham	Response
Management's awareness of transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	Management is not aware of such type of transactions, events and conditions.
How your organisation would raise BCC's Audit Committee's awareness of fraud or suspected fraud.	We have BCC representative on our board as directors and BCC officers who attend the meetings. So any fraud or suspected fraud would be communicated in the quarterly board meetings. We also are in regular communication with BCC officers who would also be made aware of any such concerns.
How your organisation would communicate financial risks to BCC e.g. losses.	Same as above. Also the company's Management team would work closely with BCC's finance department to communicate and resolve any financial risks.

Question - InReach	Response
Your Management's views on your control environment, the process of reviewing the effectiveness of the system of internal controls and the results of any review.	Review has recently been carried out with InReach's accountants, changes to be implemented in 18/19 to reflect the forecast expansion of the company during 18/19
Your Management's views on your risk assessment process as it related to financial reporting.	Financial performance is reported monthly to InReach Project Board and bi-monthly Shareholder meetings
Matters and events which occurred during the year that could influence your audit approach or BCC's consolidated financial statements.	none
The appropriateness of accounting policies to be used in the period, and whether any changes in activities could require them to be updated.	Policies appropriate for the period, no changes during current period
Your Management's processes for identifying and responding to risks of fraud.	At InReach Project Board and Shareholder Meetings via the risk register
How those charged with governance monitor management's processes for identifying and responding to risks of fraud.	Monitoring is via the risk register, this is reviewed quarterly
Fraud risks , including specific accounts or classes of transactions where fraud risks have been identified.	none
How management communicate to those charged with governance regarding business risks (including fraud).	Via InReach Project Board and Shareholder Meetings
Your Management's awareness of any events or changes in circumstances that would cause an impairment of non-current assets.	none

Question - InReach	Response
Your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	none
Management's awareness of transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	none
How your organisation would raise BCC's Audit Committee's awareness of fraud or suspected fraud.	Raised during monthly InReach Project Board and fed through to Shareholder Meeting
How your organisation would communicate financial risks to BCC e.g. losses.	Financial risks would be highlighted at the Shareholder Meeting

Question The National Exhibition Centre (Developments) Plc	Response
Your Management's views on your control environment, the process of reviewing the effectiveness of the system of internal controls and the results of any review.	All transactions are processed through City Council financial systems
Your Management's views on your risk assessment process as it related to financial reporting.	All transactions are processed through City Council financial systems
Matters and events which occurred during the year that could influence your audit approach or BCC's consolidated financial statements.	None
The appropriateness of accounting policies to be used in the period, and whether any changes in activities could require them to be updated.	N/A
Your Management's processes for identifying and responding to risks of fraud.	All transactions are processed through City Council financial systems
How those charged with governance monitor management's processes for identifying and responding to risks of fraud.	All transactions are processed through City Council financial systems
Fraud risks , including specific accounts or classes of transactions where fraud risks have been identified.	Largest transaction relates to payment of interest in relation to £73m loan.
How management communicate to those charged with governance regarding business risks (including fraud).	Largest transaction relates to payment of interest in relation to £73m loan.
Your Management's awareness of any events or changes in circumstances that would cause an impairment of non-current assets.	N/A

Question The National Exhibition Centre (Developments) Plc	Response
Your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	N/A
Management's awareness of transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	An active market quote did not exist for the guarantee given by Birmingham City Council over the Company's 2027 Loan Stock at 1 May 2015. Management therefore developed an estimate of its fair value at initial recognition based on the trading price of the company's listed loan stock given the cash flows are identical.
How your organisation would raise BCC's Audit Committee's awareness of fraud or suspected fraud.	Birmingham City Council officers manage Company Birmingham City Council officers have been appointed as Company Directors
How your organisation would communicate financial risks to BCC e.g. losses.	Birmingham City Council officers manage Company Birmingham City Council officers have been appointed as Company Directors

Question Paradise Circus Limited Partnership	Response
<p>Your Management's views on your control environment, the process of reviewing the effectiveness of the system of internal controls and the results of any review.</p>	<p>Paradise Circus Limited Partnership ("PCLP"), acting by Paradise Circus General Partner Limited (the Board) considers the internal control environment to be strong and the overall inherent risk to be low.</p> <p>PCLP is a joint venture between Birmingham City Council ("BCC") and Britel Fund Trustees Limited ("BFUT"). The Board is responsible for the governance of the joint venture and any financial risks would be communicated to the Board. In addition, PCLP is subject to an annual external audit, performed by HW Fisher. No issues have been reported in relation to the overall control environment or systems of internal controls.</p>
<p>Your Management's views on your risk assessment process as it related to financial reporting.</p>	<p>The risk assessment process relating to financial reporting is considered to be strong, with appropriate levels of internal controls implemented across the business.</p>
<p>Matters and events which occurred during the year that could influence your audit approach or BCC's consolidated financial statements.</p>	<p>Paradise Circus' financial statements adopted FRS 102 for the first time in prior year (YE 30 June 2016). The reported financial position and financial performance for the current or previous period were not affected by the transition.</p> <p>No further known matters or events.</p>
<p>The appropriateness of accounting policies to be used in the period, and whether any changes in activities could require them to be updated.</p>	<p>The accounting policies as set out in the 2016/17 financial statements were considered to be relevant and appropriate as at 19 December 2017 when the financial statements were approved. The accounting policies are reviewed ahead of each annual audit and discussed with the external auditors as appropriate. There are no changes in the joint venture's activities which would require the accounting policies to be</p>

Question Paradise Circus Limited Partnership	Response
	updated.
Your Management's processes for identifying and responding to risks of fraud.	There are processes in place across the business to identify and reduce the risks of fraud. This includes the segregation of duties, approval levels and structure of financial reporting. No instances of fraud have been identified to date.
How those charged with governance monitor management's processes for identifying and responding to risks of fraud.	The Board receive and review the External Auditor's report and representation letter.
Fraud risks , including specific accounts or classes of transactions where fraud risks have been identified.	<p>Fraud risks are reviewed and considered annually, in particular in relation to business propositions or significant changes within the business.</p> <p>There were no significant audit or fraud risks noted in the paper presented to the Board on 19 December 2017 by the External Auditor.</p> <p>The Board also signed the audit representation letter which contained several representations on the identification and prevention of fraud.</p> <p>The risk of material misstatement of the financial statements due to undetected fraud is low.</p>
How management communicate to those charged with governance regarding business risks (including fraud).	The Board receives and comments on various reports on commercial business risks, and considers the entity's governance structure and processes at each meeting as appropriate.
Your Management's awareness of any events or changes in circumstances that would cause an impairment of non-current assets.	None identified to date.

Question Paradise Circus Limited Partnership	Response
Your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	None identified to date.
Management's awareness of transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	None identified to date.
How your organisation would raise BCC's Audit Committee's awareness of fraud or suspected fraud.	Any instances of fraud or suspected fraud would be flagged at the regular Board meetings, which includes two representatives from BCC.
How your organisation would communicate financial risks to BCC e.g. losses.	PCLP is a joint venture between BCC and BFUT. The Board is responsible for the governance of the joint venture and any financial risks would be communicated to the Board. Joint venture reporting is completed on a quarterly basis and presented to the Board where the financial performance of the joint venture is discussed including any key financial/operational issues, risks or losses.

Question PETPS (Birmingham) Limited PETPS (Birmingham) Capital Limited PETPS (Birmingham) General Partner Limited PETPS (Birmingham) Pension Funding Scottish Limited Partnership	Response
Your Management's views on your control environment, the process of reviewing the effectiveness of the system of internal controls and the results of any review.	No financial transactions
Your Management's views on your risk assessment process as it related to financial reporting.	No financial transactions
Matters and events which occurred during the year that could influence your audit approach or BCC's consolidated financial statements.	Introduction of asset backed funding arrangement
The appropriateness of accounting policies to be used in the period, and whether any changes in activities could require them to be updated.	Introduction of asset backed funding arrangement
Your Management's processes for identifying and responding to risks of fraud.	No financial transactions
How those charged with governance monitor management's processes for identifying and responding to risks of fraud.	No financial transactions
Fraud risks , including specific accounts or classes of transactions where fraud risks have been identified.	No financial transactions
How management communicate to those charged with governance regarding business risks (including fraud).	No financial transactions

Question PETPS (Birmingham) Limited PETPS (Birmingham) Capital Limited PETPS (Birmingham) General Partner Limited PETPS (Birmingham) Pension Funding Scottish Limited Partnership	Response
Your Management's awareness of any events or changes in circumstances that would cause an impairment of non-current assets.	N/A
Your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	No financial transactions
Management's awareness of transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	N/A
How your organisation would raise BCC's Audit Committee's awareness of fraud or suspected fraud.	Birmingham City Council officers manage Company Birmingham City Council officers have been appointed as Company Directors
How your organisation would communicate financial risks to BCC e.g. losses.	Birmingham City Council officers manage Company Birmingham City Council officers have been appointed as Company Directors