

# BIRMINGHAM CITY COUNCIL

<b>AUDIT COMMITTEE</b> <b>30 JUNE 2015</b>
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**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON  
TUESDAY, 30 JUNE 2015 AT 1400 HOURS IN COMMITTEE ROOM 6,  
COUNCIL HOUSE, BIRMINGHAM**

**PRESENT:-**

Councillor Burden in the Chair;

Councillors Afzal, Henley, Rice, Robinson, Shah and Wood.

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**NOTICE OF RECORDING**

- 797 The Chairman advised, and the Committee noted, that members of the press/public could record and take photographs except where there were confidential or exempt items.

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**APOLOGIES**

- 798 Apologies were submitted on behalf of Councillor Tilsley.

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**APPOINTMENT OF COMMITTEE , CHAIR, DEPUTY CHAIR AND MEMBERS**

- 799 **RESOLVED:-**

- (i) That the resolution of the City Council appointing the Committee and Chair, with membership set out below for the period ending with the Annual Meeting of the City Council in May 2016 be noted:-

**Labour Group**

Councillors Afzal, Burden (Chair), Henley, Rice and Shah.

**Conservative Group**

Councillors Robinson and Wood.

**Liberal Democrat Group**

Councillor Tilsley.

- (ii) that Councillor Henley 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 2016.
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**FUNCTIONS**

The following schedule was submitted:-

(See document No 1)

800 **RESOLVED:-**

That the schedule of functions be noted.

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**DECLARATIONS OF INTEREST**

801 Members were reminded that they must declare all relevant pecuniary and non-pecuniary interests relating to any items of business to be discussed at this meeting. If a pecuniary interest was declared a Member must not speak or take part in that agenda item. Any declarations would be recorded in the minutes of the meeting.

Councillor Henley declared a non-pecuniary interest in his capacity as Chairman of Service Birmingham.

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**MINUTES**

802 **RESOLVED:-**

That the Minutes of the last meeting be confirmed and signed.

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**BIRMINGHAM AUDIT – ANNUAL REPORT 2014/15**

The following report of the Assistant Director, Audit and Risk Management, was submitted:-

(See document No 2)

Kay Reid, Assistant Director, Audit and Risk Management, Jon Warlow, Director of Finance, and Richard Percival and Lorraine Noak, Grant Thornton, responded to Members' questions and the following were amongst the points made:-

1. Whilst not complying in full with the requirements of the public sector internal audit standards in respect of reporting lines for the Head of Internal Audit, referred to in paragraph 7 of the report, Members were

reassured that satisfactory arrangements with adequate safeguards were in place.

2. The possibility of carrying out an audit review in the future covering governance in human resources was noted.
3. The Assistant Director, Audit and Risk Management, gave a brief explanation and undertook to e-mail information to all Councillors regarding the procedure for handling allegations received regarding social housing fraud.
4. Paragraph 6.4 of the report referred to outputs of audit reports for the year. Appendix A of the report set out brief details of the issues considered 'red high risk'.
5. Paragraph 9 of the report set out details of the internal audit plan. Members were assured that, although a reduction in days was proposed, the service would continue to be delivered in an efficient manner.

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**RESOLVED:-**

- (i) That the report be noted and the annual assurance opinion for 2014/15 referred to in paragraph 4.5 be accepted;
- (ii) that approval be given to the annual internal audit plan as set out in the report now submitted;
- (iii) that approval be given to the internal audit charter as set out in the report now submitted;
- (iv) that the information on public sector internal audit standards compliance as set out in the report now submitted be noted.

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**BANKING SERVICES CHANGE PROJECT**

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

(See document No 3)

Tim Follis, Banking Services Project Manager, Business Support, and Andrew Shorthouse, Senior Business Analyst, introduced the report and, in response to Members' questions, the following were amongst the points made:-

1. It was hoped that all accounts held with the Co-op Bank would be closed during July 2015.
2. The number of customers continuing to pay the Council via the Co-op Bank had been falling.

3. The change from the Co-op to Barclays Bank would result in significant efficiency savings.

Members congratulated officers on the successful changeover.

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**RESOLVED:-**

That the report be noted.

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**ANNUAL REVIEW OF THE EFFECTIVENESS OF THE SYSTEMS OF INTERNAL AUDIT**

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

(See document No 4)

Jon Warlow, Director of Finance, Kay Reid, Assistant Director, Audit and Risk Management, and Richard Percival, Grant Thornton, introduced the report.

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**RESOLVED:-**

That the report be noted.

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**2014/15 ANNUAL GOVERNANCE STATEMENT**

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

(See document No 5)

Sarah Dunlavey, Assistant Director, Financial Services, introduced the report.

Members raised a number of concerns, particularly with regard to the significant governance issues 2014/15 set out in the table contained in paragraph 6.

Members considered that the report did not adequately address the issues that were highlighted in the Kerslake Review and made particular reference to planning, partnerships, engagement and the action/financial plan.

It was pointed out that not all governance issues set out in the left hand column of the table had been matched with a mitigation action/proposed action in the right hand column.

It was agreed that an amended report be submitted to the next meeting of the Audit Committee scheduled to take place on 28 July 2015.

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**RESOLVED:-**

That an amended report, taking account of Members' comments referred to in the pre-amble, be submitted to the next meeting.

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**GRANT THORNTON – THE AUDIT PLAN FOR BIRMINGHAM CITY COUNCIL**

The following report of the External Auditor, Grant Thornton, was submitted:-

(See document No 6)

Richard Percival and Lorraine Noak, Grant Thornton, introduced the report and, in response to a question, briefly explained the tests relating to property, plant and equipment referred to on page 11 of the report.

807 **RESOLVED:-**

That the report be noted.

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**GRANT THORNTON – AUDIT COMMITTEE UPDATE FOR BIRMINGHAM CITY COUNCIL**

The following report of the External Auditor, Grant Thornton, was submitted:-

(See document No 7)

Richard Percival, Grant Thornton, introduced the report.

In response to a question, Jon Warlow, Director of Finance, undertook to arrange for a report to be submitted to a future meeting on welfare reform, referred to on page 8 of the document.

808 **RESOLVED:-**

- (i) That the report be noted;
- (ii) that the Director of Finance arrange for a report to be submitted to a future meeting on welfare reform.

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**DATES AND TIME OF MEETING**

809 **RESOLVED:-**

That the Committee meets on the following Tuesdays at 1400 hours in the Council House:-

**2015**

28 July  
29 September  
24 November

**2016**

26 January  
15 March

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**OTHER URGENT BUSINESS**

810 No other urgent business was raised.

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**AUTHORITY TO CHAIRMAN AND OFFICERS**

811 **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.

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The meeting ended at 1600 hours.

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CHAIRMAN