

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

Report to:	CABINET COMMITTEE – GROUP COMPANY GOVERNANCE
Report of:	Corporate Director – Finance & Governance
Date of Decision:	13 November 2018
Subject:	Group Company – Risk Assurance Request
Wards affected: All	
1 Purpose	
1.1	The Council is associated with a number of companies that fall within its sphere of control, either as subsidiaries where the Council has control, associates where the Council has significant influence, Joint Ventures or through partnership arrangements. The Council has to consider whether it faces risks through fraud or misstatement of activities.
1.2	The larger entities within the overall Council group boundary will be asked to provide information through the completion of a questionnaire to allow members to gain assurance that funds are being used efficiently and effectively and that the information provided in support of their financial statements would not be materially misstated. The comfort given by the questionnaire returns allows members of Audit Committee to approve the Council's financial statements as showing a 'true and fair' view.
1.3	A copy of the proposed questionnaire is attached for consideration by members.
2 Decisions recommended:	
	Members are recommended to:
2.1	Review and approve the questionnaire, seeking information from the Council's group companies, for circulation.

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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 and the Council is required to consolidate entities that 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 decisions be carried out within existing finances and resources?
Yes
- 3.5 Main Risk Management and Equality Impact Assessment Issues (if any):
This report considers the main risks that the Council faces as a result of its operation through and partnership arrangements with external organisations. The report sets out the actions being taken to mitigate those risks.

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, joint ventures and other partnership arrangements should be consolidated with the Council's financial statements to produce Group Accounts. This report includes, as Appendix 1, the questionnaire that it is proposed to circulate to relevant companies that meet the criteria for consolidation or which may meet the criteria in the near future.
- 4.2 The questionnaire seeks to gain information from group entities on its control environment, its approach to minimising the opportunity for fraud, how it ensures that its financial statements are materially correct and free from error and the risks that the company potentially faces. The responses to the questionnaire are considered by Audit Committee so that it can gain assurance that the information used in the production of the Council's group accounts shows a 'true and fair' view.
- 4.3 The companies that will be asked to complete the questionnaire are:
- Acivico Limited
 - Birmingham Airport Holdings Limited
 - Birmingham Children's Trust CIC
 - Birmingham City Propco Limited

- Finance 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

Signature:

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Clive Heaphy, Corporate Director – Finance & Governance

Appendix

Appendix 1 – Risk Assurance Questionnaire