

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

Report to:	AUDIT COMMITTEE
Report of:	Chief Executive (Acting)
Date of Decision:	24 September 2019
Subject:	AUDIT FINDINGS REPORT – RESPONSE TO RECOMMENDATIONS
Wards affected: All	
1	Purpose
1.1	At its meeting on 30 July 2019, Members considered the External Auditor's draft Audit Findings Report (AFR) on the Council's draft financial statements, which summarised the significant outcomes, conclusions and recommendations from their work to date.
1.2	At that time, whilst the external auditors had completed the substantial proportion of their audit of the financial statements, there remained a number of elements where further work was required. The external auditor also had to complete work on value for money (vfm) assessments of the Council.
1.3	The external auditor has now completed work on the financial statements and the value for money assessment and published the AFR.
1.4	The AFR contains six recommendations and management responses are now submitted for review and approval.
2	Decisions recommended:
	Members are recommended to:
2.1	Approve the management responses, attached as Appendix 1, to the recommendations set out in the Audit Findings Report
2.2	Seek reports to future meetings of this committee on progress in implementing the actions proposed in response to the recommendations.

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3 Compliance Issues:

- 3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies?:
The coverage of the Audit Findings Report, Annual Audit Letter and actions highlighted in this report are consistent with the policy framework and budget.
- 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):
The work of the external auditors is governed by the Code of Practice issued by the National Audit Office in accordance with the Local Audit and Accountability Act 2014.
- 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):
The Audit Findings Report includes details on activities where the External Auditor has identified that the Council can make improvements or reduce risks in its operations. This report provides a response as to how the recommendations made will be addressed.

4 Relevant background/chronology of key events:

- 4.1 The draft AFR was considered by this committee on 30 July 2018. At that time, whilst the external auditors had completed the substantial proportion of their audit of the financial statements, there remained a number of elements where further work was required, namely on valuation of HRA assets and on cut off testing of expenditure.
- 4.2 The external auditor also had to complete work on value for money (vfm) assessments of the Council, the major outstanding item relating to the assessment of Amey Plc, and the view of its external auditors, following the outcome of the agreement between the Council and Amey in respect of the Highways Maintenance and Management PFI (HMMPFI). At that time, Amey Plc had not lodged its accounts with Companies House. These accounts have now been lodged and the AFR now incorporates the auditor's findings for vfm.
- 4.3 At the time of reporting the draft AFR to this committee on 30 July 2019, there had been no time to consider the management responses to the recommendations set out in the AFR. These are now included as Appendix 1 to this report for review and approval.

- 4.4 Further reports will be provided to this committee setting out the progress in implementing the proposed activity in response to the recommendations set out in the AFR.
- 4.5 The external auditor will also issue an Annual Audit Letter to the Council which is a statutory report of their activities for the year. The Annual Audit Letter will be considered at a future meeting of this committee.

Signature:

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Clive Heaphy, Chief Executive (Acting)

Appendices

Appendix 1 – Management Response to Audit Findings Report Recommendations