

BIRMINGHAM CITY COUNCIL

**AUDIT COMMITTEE
21 NOVEMBER 2017**

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
TUESDAY, 21 NOVEMBER 2017 AT 1400 HOURS IN COMMITTEE ROOM 6,
COUNCIL HOUSE, BIRMINGHAM**

PRESENT:-

Councillor M Khan in the Chair;

Councillors M Jenkins, Quinnen, Robinson, Shah, Spencer and Tilsley.

NOTICE OF RECORDING/WEBCAST

997 The Chairman advised and the meeting noted that this meeting would be webcast for live or subsequent broadcast via the Council's Internet site (www.birminghamnewsroom.com) and members of the press/public could record and take photographs except where there were confidential or exempt items.

The business of the meeting and all discussions in relation to individual reports was available for public inspection via the web-stream.

MINUTES

998 **RESOLVED:-**

That the Minutes of that part of the last meeting of the Committee open to the public be noted.

SUSTAINABILITY TRANSFORMATION PLAN (STP)

999 Graeme Betts, Interim Corporate Director, Adult Social Care and Health, reported verbally on the sustainability transformation plan/partnership which included an overview of the Council's engagement with the partnership, an outline of progress to date and future goals.

He responded to Members' comments acknowledging the fact that the STP was on the corporate risk register, gave details of the two STPs that covered Birmingham pointing out that they held regular meetings with the Clinical

Commissioning Groups (CCGs).

He explained the difficulties encountered in dealing with acute hospitals, referred to funding from the NHS to help trusts and pointed out that, in order to try to reduce the number of patients attending hospital accident and emergency departments, wherever possible members of the public, in the first instance, should be encouraged to consult their local pharmacies regarding minor ailments.

He advised that the Council's adult social care budget was approximately £336M, gave a brief outline of the different levels of care services provision and explained the elements of prevention and early intervention, stressing the importance of providing members of the public with good quality information on the services that were available.

CORPORATE RISK REGISTER UPDATE

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

(See document No 1)

Sarah Dunlavey, Assistant Director, Audit and Risk Management, Craig Price, Principal Group Auditor, and Cynthia Carran, Principal Business Auditor, introduced the report and responded to Members' comments which included concerns regarding the risk of fines from HMRC for directorates employing long term consultants, the implications of the general data protection regulation (GDPR) and an explanation as to why the risk concerning the failure to adapt to climate change was removed from the register in March 2012.

Craig Price undertook to provide Members with further information regarding processing the corporate risk register.

With regard to Risk 10 – Not responding fully and effectively to the recommendations made in the Kerslake Report and implementing the Future Council Programme, the Committee agreed to write to the Corporate Leadership Team seeking clarification as to the current mission of the improvement panel.

Hereon, Sarah Dunlavey informed Members that this was Cynthia Carran's last meeting, as she was leaving the Council.

Members thanked Cynthia for her help and assistance regarding the corporate risk register and wished her well for the future.

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RESOLVED:-

- (i) That the Committee agrees that the information provided and risk ratings are reasonable and the action being taken is effective, or if further explanation/information is required; further that the level of risk has reduced for the following:-
 - a) Risk 22 – Risk of fines from HMRC for directorates employing long term consultants;
 - b) Risk 25 – Failure to comply with statutory timescales in relation to Deprivation of Liberty referrals, which could lead to legal challenge and result in financial loss to the Council;
 - c) Risk 27 – Risk of claims for payback of search fees charged by the Council;
- (ii) that approval be given to the deletion of the following risks for the reasons set out in the report:-
 - a) Risk 22 – Risk of fines from HMRC for directorates employing long term consultants, as there are now processes in place for the engagement of off payroll individuals;
 - b) Risk 27 – Risk of claims for payback of search fees charged by the Council, as the potential liability is less than £160,000 and is to be monitored via the directorate risk register.
- (iii) that, with regard to Risk 10 – Not responding fully and effectively to the recommendations made in the Kerslake Report and implementing the Future Council Programme, a letter be sent to the Corporate Leadership Team seeking clarification as to the current mission of the improvement panel.

BIRMINGHAM AUDIT – HALF YEAR UPDATE REPORT 2017/18

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

(See document No 2)

Sarah Dunlavy, Assistant Director, Audit and Risk Management, introduced the report and responded to Members' comments which included details of tackling application based fraud, particularly with regard to housing benefit overpayment and council tax change, information on red high risk reports in respect of adequacy and progress of maximising independence of adults and details of workforce planning, school visits and recruitment policies in schools.

With regard to application based fraud, Craig Price, Principal Group Auditor, explained the difference between 'applications cancelled' and those with

‘reduced points’ referred to in the table set out on page 8 of the report/page 58 of the agenda document pack and he undertook to provide Members with further information thereon.

1001

RESOLVED:-

That the report be noted.

ANNUAL AUDIT LETTER

The following report of the Interim Chief Finance Officer was submitted:-

(See document No 3)

Martin Stevens, Head of City Finance Accounts, and Phil Jones, Grant Thornton, introduced the report advising that the Annual Audit Letter was due to be considered by Cabinet at its meeting scheduled to take place on 12 December 2017 and the response would be circulated to Members in due course.

Martin Stevens and Phil Jones responded to Members’ comments which included the management response regarding exit packages, key interim appointments, the future operating model and planned savings and reference to the Children’s Trust.

In referring to appendix 2 – action plan, the Committee agreed to amend the second paragraph of the management response to recommendation 11 regarding exit packages deleting the words ‘sign off’ and replacing them with ‘agreement by a majority vote’. The amended paragraph would, therefore, read as follows:-

‘As part of our considerations on this matter, the Council set up its own internal governance in 2016 for exit payments, which for chief officers exits includes agreement by a majority vote from a cross party elected member JNC panel.’.

1002

RESOLVED:-

- (i) That the annual audit letter, set out in appendix 1 to the report, be received;
 - (ii) that, subject to the amendment referred to in the pre-amble, the management responses to the recommendations set out in the audit findings report issued in September 2017, as outlined in appendix 2, be approved.
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OTHER URGENT BUSINESS

1003

No other urgent business was raised.

AUTHORITY TO CHAIRMAN AND OFFICERS

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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.

EXCLUSION OF THE PUBLIC

1005

RESOLVED:-

That, in view of the nature of the business to be transacted, which includes the following exempt information, the public be now excluded from the meeting:-

Agenda Item etc

**Paragraph of Exempt Information
Under Revised Schedule 12A of the
Local Government Act 1972**

Minutes

3 and 4

PRIVATE

MINUTES

1006

RESOLVED:-

That the private section of the Minutes of the last meeting held on 26 September 2017 be noted and the Minutes as a whole confirmed and signed by the Chair.

OTHER URGENT BUSINESS (EXEMPT INFORMATION)

1007

No other urgent business (exempt information) was raised.

The meeting ended at 1545 hours.

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CHAIR