

# BIRMINGHAM CITY COUNCIL

<b>AUDIT COMMITTEE</b> <b>26 JULY 2016</b>
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**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON  
TUESDAY, 26 JULY 2016 AT 1400 HOURS IN COMMITTEE ROOM 6,  
COUNCIL HOUSE, BIRMINGHAM**

**PRESENT:-**

Councillor Chatfield in the Chair;

Councillors Bore (1440), M Jenkins, Robinson, Shah and Spencer.

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**NOTICE OF RECORDING/WEBCAST**

- 900 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](http://www.birminghamnewsroom.com)) and members of the press/public could record and take photographs. The whole of the meeting would be filmed except where there were confidential or exempt items.

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**APOLOGIES**

- 901 Apologies were submitted on behalf of Councillor Burden.

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

**MINUTES**

- 902 **RESOLVED:-**

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

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**WHISTLEBLOWING AND SERIOUS MISCONDUCT POLICY**

The following report of the Monitoring Officer, Legal Services was submitted:-

(See document No 1)

Kate Charlton, Joint Interim City Solicitor – Monitoring Officer, and Michael Day, Senior Solicitor, introduced the report and responded to Members' comments.

Michael Day undertook to provide Members with further information regarding the statistics detailed in the charts set out in the report.

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**RESOLVED:-**

That the report be noted.

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**ANNUAL FRAUD REPORT 2015/16**

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

(See document No 2)

Neil Farquharson, Principal Investigator, introduced the report and responded to Members' comments.

He undertook to provide further information regarding the National Fraud Initiative, in particular how much money had been recovered and how matches were prioritised.

The Chairman undertook to liaise with officers after the meeting regarding the possibility of improving feedback from the Department for Work and Pensions (DWP).

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**RESOLVED:-**

That the report be noted.

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**CORPORATE RISK REGISTER UPDATE**

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

(See document No 3)

Cynthia Carran, Principal Business Auditor, introduced the report and responded to Members' comments.

The Committee agreed not to delete Risk 23 - risk of enforcement action and fines of up to £500,000 by the Information Commissioner's Office (ICO) for failure to comply with the 40 day timescale for responding to Subject Access Requests (SARs).

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**RESOLVED:-**

- (i) That the Committee agrees that the information provided by directorates 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 remained static for most risks with the following reducing:-
    - a) Risk 3 – Failure to identify alternative funding streams for school PFI contracts revenue pressure, impacting on availability of maintenance funding for essential management of the LA schools estate;
    - b) Risk 10 – Not responding fully and effectively to the recommendations made in the Kerslake Report and implementing the Future Council Programme (including setting a medium/long term balanced budget);
  - (ii) that approval be given to the deletion of the following risk for the reasons set out in the report:-

Risk 21 – Risk of the current information technology equipment not being refreshed/updated to maximise use and obtain full benefit from utilising technology;
  - (iii) that approval be given to the rewording of risk 13 to include reference to failure to implement the savings programme;
  - (iv) that approval be given to the following three new risks:-
    - a) Risk 24 – Risk that the need to address the updated pensions deficit will result in an increase in employer contributions;
    - b) Risk 25 – Failure to comply with statutory timescales in relation to DoLS (Deprivation of Liberty) referrals, which could lead to legal challenge and result in financial loss to the Council;
    - c) Risk 26 – Failure to comply with all of the requirements of the Counter Terrorism and Security Act (2015) and the Prevent Duty;
  - (v) that Risk 23 – Risk of enforcement action and fines of up to £500,000 by the Information Commissioner's Office (ICO) for failure to comply with the 40 day timescale for responding to Subject Access Requests (SARs) be retained.
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**STATEMENT OF ACCOUNTS 2015/16**

The following report of the Assistant Director – Financial Services was submitted:-

(See document No 4)

Martin Stevens, Head of City Finance Accounts, introduced the report and responded to Members' comments.

906

**RESOLVED:-**

That the draft Statement of Accounts 2015/16 be received and the arrangements for the audit of the accounts and public inspection be noted.

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**GRANT THORNTON – PROGRESS REPORT**

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

(See document No 5)

Phil Jones and Richard Percival, Grant Thornton, introduced the report, made particular reference to the implications of Brexit and responded to Members' comments.

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**RESOLVED:-**

That the report be noted.

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**CHANGES TO ARRANGEMENTS FOR APPOINTMENT OF EXTERNAL AUDITORS**

The following report of the Strategic Director of Finance and Legal was submitted:-

(See document No 6)

Phil Jones and Richard Percival, Grant Thornton, left the meeting during consideration of the item.

Sarah Dunlavy, Assistant Director, Financial Services, introduced the report and responded to Members' comments.

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**RESOLVED:-**

That the Local Government Association (LGA) in setting up a national sector led body by indicating an intention to 'opt-in' be supported.

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**OTHER URGENT BUSINESS**

The Chairman was of the opinion that the following items should be considered as matters of urgency in view of the need to expedite consideration thereof and instruct officers to act:-

**A. Date of Meeting in March 2017**

The Chairman reminded Members that, at the last meeting, the date originally proposed for Audit Committee – 28 March 2017, clashed with the Hall Green District Committee on which Councillors Burden and Spencer also served. Therefore, it was agreed that an alternative date on which to hold Audit Committee in March 2017 be sought.

The Chairman proposed and it was:-

909 **RESOLVED:-**

That a meeting of the Audit Committee be scheduled to take place on Tuesday, 14 March 2017 at 1400 hours in the Council House.

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**B. Education and the Role of the Local Authority**

The Chairman proposed and it was:-

910 **RESOLVED:-**

That education and the role of the local authority be considered at a future meeting.

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**C. Tracking of Children Leaving School**

911 The Chairman requested Councillor Robinson e-mail him with further details regarding his suggestion to consider at a future meeting the tracking of children leaving school.

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**AUTHORITY TO CHAIRMAN AND OFFICERS**

912 **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 1516 hours.

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CHAIRMAN