

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

ACIVICO LTD, ACIVICO BUILDING CONSULTANCY LTD, ACIVICO DESIGN CONSTRUCTION AND FACILITIES MANAGEMENT LTD, ACIVICO TRADED SERVICES LIMITED	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	<p>Acivico Board Directors are provided with an induction on appointment to ensure their responsibilities are understood and they have the tools necessary. A Board Development and Priorities workshop was held with Board Directors, Group Leadership Team and Irwin Mitchell solicitors 19 November which provided all Board Members and Group Leadership Team with a refresher of the roles and responsibilities of Directors. The workshop also covered a skills matrix for Board members to inform ongoing development of Board members.</p> <p>The Group Leadership Team has objectives it is working to and attends events and training to maintain their skills to fulfil their objectives.</p> <p>All current Acivico 'officer' roles (senior managers, etc.) are aligned to BCC job descriptions and person specifications, ensuring the rights skills and competencies are present to perform their roles.</p> <p>Regular reviews of performance by line management is undertaken.</p>
How does the company ensure that Directors engage fully with the company and what is the record of attendance	Acivico company Directors attend monthly Board meetings, with all executive leadership officers (Group Managing Director, Director of Finance & Resources & Director of HR & OD) and regular Audit

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

ACIVICO LTD, ACIVICO BUILDING CONSULTANCY LTD, ACIVICO DESIGN CONSTRUCTION AND FACILITIES MANAGEMENT LTD, ACIVICO TRADED SERVICES LIMITED	
Question	Response
	<p>Committee meetings (Audit Committee is due to meet 7 times during 2020/21)</p> <p>Board members are also invited to the quarterly company update events held by the company</p> <p>The company secretary records attendance of Board members from meetings. Audit Committee is done by an administrator.</p> <p>Additionally, the Board members have attended workshops on strategic items, for example strategic plan, values and workforce development.</p> <p>Directors record of attendance is currently 80.8% for 2020/21 (as at December Board meeting) with 3 of the 6 Directors maintaining a 100% attendance during this period.</p>
Please explain the system of governance and the financial control environment within the company	<p>Acivico operate a Company Governance Framework which outlines governance and financial controls (standing orders) within the company. This includes Board members.</p> <p>There is Terms of Reference in place for Board and Audit Committee functions which outlines the governance and financial control environment.</p> <p>Audit Committee provides an advisory and scrutiny role for the effectiveness of financial and non-financial performance, scrutiny of the statutory accounts and reviews matters referred to the Committee from the Shareholder, Board or Group Leadership Team. The audit plan includes the following reviews for 2020/21 being undertaken by</p>

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

ACIVICO LTD, ACIVICO BUILDING CONSULTANCY LTD, ACIVICO DESIGN CONSTRUCTION AND FACILITIES MANAGEMENT LTD, ACIVICO TRADED SERVICES LIMITED	
Question	Response
	<p>Birmingham Audit:</p> <ul style="list-style-type: none"> • Post implementation review of IT systems (finance) including financial system controls • GDPR compliance and data security • Financial resilience. <p>Monthly financial reporting is undertaken within the companies. A challenge session is held with the relevant Acivico Director and Sector leads (Heads of Service) to review financial reporting and projections. Acivico Board members receive monthly reports during Board. Acivico Audit Committee receives the latest finance board report for scrutiny.</p> <p>The finance report considers financial risks and issues</p>
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	<p>The Acivico Director of Finance and Resources leads the monthly challenge sessions.</p> <p>The Acivico Group risk register is regularly maintained and reported to each Audit Committee. Audit Committee has a programme of work for 2020/21 which incorporates reviews including an Internal Audit work plan (as above). The standing agenda also includes a statement to be made by both the BCC Assistant Director of Internal Audit and the Acivico Director of Finance and Resources to confirm that they are not aware of any matters concerning risk, internal control, and compliance.</p> <p>As part of the annual report Acivico's Audit Committee prepare a report on the statement of internal controls.</p> <p>To date, a draft internal audit report has been issued for GDPR and</p>

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

ACIVICO LTD, ACIVICO BUILDING CONSULTANCY LTD, ACIVICO DESIGN CONSTRUCTION AND FACILITIES MANAGEMENT LTD, ACIVICO TRADED SERVICES LIMITED	
Question	Response
	<p>management response is being considered. All activities are scheduled to conclude during Qtr. 4 in preparation for preparing the statutory accounts.</p> <p>Audit Committee have a work programme. The content of these reports is fed into Audit Committee with escalation to Board as necessary. To date, no reviews have identified internal control issues.</p>
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	<p>The current three-year Business Plan was approved by Acivico Board February 2020 before the pandemic. We have continued to report against the financial plan. At the outset of the pandemic, focus was on cash flow and going concern status with weekly updates to Board, GLT and the staff on our position. Cashflow has continued to be reviewed monthly and reported to Board regularly throughout this period within the monthly Finance Board reports. Going concern is a consideration for each monthly report.</p> <p>The company is currently operating under a going concern assurance letter from the council. Going concern is reviewed in accordance with ISA570, takes into account financial risks, trading position including pipeline and financial ratios produced by the Group.</p> <p>Remedial action is incorporated within a mitigation plan and tracked monthly, reporting outcomes to the Acivico Board.</p> <p>Monthly meetings with the Shareholder representative and Director of Finance and Resources continue to review financial matters.</p> <p>The business plan for 2021/22 first draft was shared with November</p>

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

ACIVICO LTD, ACIVICO BUILDING CONSULTANCY LTD, ACIVICO DESIGN CONSTRUCTION AND FACILITIES MANAGEMENT LTD, ACIVICO TRADED SERVICES LIMITED	
Question	Response
	Board and is due to be approved by Board in February 2021. The business plan is currently being split between Acivico Limited and its subsidiary companies and the newly created Acivico Professional Services Limited.
What is the company's approach to the development of business continuity plans.	<p>Acivico Business Continuity Plans are being refreshed as the company is implementing new IT systems and business processes are being reviewed.</p> <p>Each company business unit is responsible for updating and refreshing their Business Continuity Plan.</p> <p>Given the changes within Acivico, there is a risk contained within the Group Risk Register regarding overarching arrangements for business continuity.</p> <p>The pandemic saw a temporary pause to the ICT transformation and business process reengineering programme. A transformation team has been put in place to conclude this activity which will also incorporate refreshed BCP's for each area.</p> <p>However, the GLT has ensured BCP arrangements were in place in response to the pandemic and lockdown arrangements. This was done through an Incident Management Response Team before moving to an Operational Recovery Group approach.</p>
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements and other relevant laws and regulations.	Policies were approved by Board in February 2020. All staff were required to complete an awareness training course on Acivico's training platform. Awareness campaigns were conducted around the building and staff briefings.

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

ACIVICO LTD, ACIVICO BUILDING CONSULTANCY LTD, ACIVICO DESIGN CONSTRUCTION AND FACILITIES MANAGEMENT LTD, ACIVICO TRADED SERVICES LIMITED	
Question	Response
	<p>On a day to day basis, any escalations regarding compliance with GDPR are reported to the Acivico Governance Manager or GLT member. The policy is followed in investigating any escalations and reported to Audit Committee.</p> <p>As part of the Audit Committee work programme for 2020/21, Birmingham Audit have conducted a review and submitted a draft response to Acivico during mid-December for management response.</p>
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	<p>Financial risks identified in the monthly Group Finance Report presented to Board. Audit Committee receive the latest available report for Scrutiny.</p> <p>The Group Risk Register is refreshed regularly and is a standing item on the Audit Committee agenda. The operational risk registers are shared with Audit Committee at six-month intervals.</p>
Please set out your management's processes for identifying and responding to risks of fraud.	<p>The Acivico Company Governance Framework outlines the process for individuals to report potential irregularities or suspected fraud. The company also has an anti-bribery and fraud policy and anti-money laundering policy. Training on anti-bribery and corruption (ABC) has been identified for inclusion in the Company's new e-learning platform go1.</p> <p>The Acivico Group Leadership Team are kept informed</p> <p>As outlined earlier, Acivico Audit Committee standing agenda also</p>

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

ACIVICO LTD, ACIVICO BUILDING CONSULTANCY LTD, ACIVICO DESIGN CONSTRUCTION AND FACILITIES MANAGEMENT LTD, ACIVICO TRADED SERVICES LIMITED	
Question	Response
	<p>includes a statement to be made by both the BCC Assistant Director of Internal Audit and the Acivico Director of Finance and Resources to confirm that they are not aware of any matters concerning risk, internal control, and compliance. There have been no instances for the period April 2020 – December 2020.</p> <p>Since taking on the end to end process for P2P and accounts payable we have put in place a process for onboarding vendors and customers which also includes use of Credit Safe which allows bank accounts to be verified as part of a due diligence check for companies and organisations. We also have regular discussion and meetings with our banking provider on preventing fraud.</p> <p>For IT systems, we use the security incident reporting procedure.</p>
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	See previous response
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	<p>Fraud could occur during the procure to pay process, accepting cash within building control or an employee abusing the time recording system as examples. We have in place policies and company government framework to mitigate against fraud including segregation of duties.</p> <p>Cyber security and other malware attacks also remain a consideration for fraud. We have in place processes through IT security tools and escalation to the IT Manager for any potentially fraudulent activities such as emails pretending to be from senior management requesting tasks to be undertaken. We continue to</p>

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

ACIVICO LTD, ACIVICO BUILDING CONSULTANCY LTD, ACIVICO DESIGN CONSTRUCTION AND FACILITIES MANAGEMENT LTD, ACIVICO TRADED SERVICES LIMITED	
Question	Response
	raise awareness with staff on these matters. Acivico use separation of duties and weekly MI reporting checks to help mitigate against fraudulent activity. The Acivico Director of Finance and Resources further discusses this matter with External Auditors as part of the planning for the external audit.
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	See earlier responses
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	To date during 2020/21 no matters have arisen. This is a standing item on the Audit Committee agenda.
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	Acivico's process is outlined in the Company Governance Framework. BCC Internal Audit attend Acivico Audit Committee. If required, the Acivico Director of Finance and Resources would notify the council.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	The council (in its capacity as shareholder of Acivico) has a representative attend the Board meetings and therefore receives the monthly Acivico Group Finance report. Each month the Acivico Director of Finance and Resources meets

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

ACIVICO LTD, ACIVICO BUILDING CONSULTANCY LTD, ACIVICO DESIGN CONSTRUCTION AND FACILITIES MANAGEMENT LTD, ACIVICO TRADED SERVICES LIMITED	
Question	Response
	with the Shareholder representative (BCC Chief Finance Officer or delegated representative) to discuss finance matters and any areas of concern of the Shareholder
How would the company communicate any breach of GDPR requirements to the Council.	Acivico Governance Manager would investigate, report to the Group Leadership Team, Acivico Audit Committee, Acivico Board and then via the Shareholder representative
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	<p>Acivico currently secure nearly all their insurance policies via the council's insurance providers. A schedule of policies is available if required.</p> <p>Other specific insurances are based upon the company's identified needs such as Employment Tribunal Actions.</p> <p>An annual report of insurance is provided to Audit Committee. Insurance provision is in line with the BC and DCFM contracts. For Acivico Traded Services this is based upon specific requirements depending on activity outlined in individual contracts with clients.</p>
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	<p>No claims have been made against the company or its Directors that have not been reported to the company's insurers.</p> <p>We are not aware of any current incidents that may lead to a claim.</p>

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

ACIVICO LTD, ACIVICO BUILDING CONSULTANCY LTD, ACIVICO DESIGN CONSTRUCTION AND FACILITIES MANAGEMENT LTD, ACIVICO TRADED SERVICES LIMITED	
Question	Response
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	<p>Accounting policies are reviewed in accordance with FRS102 where applicable and other local policies, for example the debt policy. Acivico finance team members use both CIPFA and the Financial Reporting Council to keep up to date on accounting developments.</p> <p>Any changes to the accounting policies contained within the Statutory Accounts are shared with Audit Committee in advance of preparing the Statutory Accounts.</p> <p>Accounting policies are reviewed and presented to Acivico Audit Committee</p>
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	<p>A meeting Acivico's external auditors to start planning for 2020/21 will be done during Qtr. 4 2020/21. Going concern was a significant consideration for auditors last year as the pandemic coincided with Acivico's year end. It is anticipated that this will remain a significant area of interest for the Auditors including Brexit.</p> <p>Acivico has set up Acivico Traded Services Limited during 2019/20 which is now trading. The accounting reference date will require to be changed to 31 March 2021. The first-year end was 31 August 2020 but had minimal trading activities.</p>

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

ACIVICO LTD, ACIVICO BUILDING CONSULTANCY LTD, ACIVICO DESIGN CONSTRUCTION AND FACILITIES MANAGEMENT LTD, ACIVICO TRADED SERVICES LIMITED	
Question	Response
	<p>There remain a number of activities in discussion with the Shareholder, relating to governance and the future operating model of the Acivico Group, which may impact on the financial statements. Although Acivico Professional Services Limited (APSL) is not yet trading it is expected to be that Acivico Limited will hold a minority Shareholding and will be equity accounting with an investment in APSL. Taxation advice is also being sought.</p> <p>Acivico has several loans with the council as Borrower (some of which will be executed during Qtr. 4 2020/21).</p> <p>Finally, Acivico has implemented its own financial IT systems during 2020/21 which will impact on audit approach. External Auditors are aware of this change.</p>
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	<p>At the time of returning this questionnaire, there are no known events</p> <p>However, Acivico Limited Board have served the break clause on their lease of Louisa House as part of its strategic plan. This will mean that the fixed assets will be depreciated in full.</p>
Please set out details of any indemnities or guarantees that the company has given.	None
Please set out details of any indemnities or guarantees that the company has received.	The council provide the guarantor for the lease of Louisa House and pension funds

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

ACIVICO LTD, ACIVICO BUILDING CONSULTANCY LTD, ACIVICO DESIGN CONSTRUCTION AND FACILITIES MANAGEMENT LTD, ACIVICO TRADED SERVICES LIMITED	
Question	Response
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	None
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	The meeting with the external auditor has not yet taken place. However, no issues were identified during the 2019/20 audit, Acivico has one minor risk to address as part of implementing new IT systems for building control income which was acknowledged by our auditors.
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	<p>The impact of trading through the pandemic. This is well documented and shared with Board and the Shareholder representative on a monthly basis. The business plan is currently being refreshed to take this into consideration.</p> <p>The future operation model and group accounting considerations for Acivico Professional Services Limited. Acivico Limited will have a minority shareholding in this company. This is expected to provide an overall benefit once established and operational.</p>

BIRMINGHAM AIRPORT	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	Directors are appropriately qualified to ensure they are adequately resourced to carry out their duties. Directors continue to have updates and training to keep them up to date on current affairs. Directors are provided with regular updates with relevant information and reports on the Airport.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	The company holds Board working groups/workshops (which are minuted) throughout the year. Directors have access to any information that they request from time to time, which is reported to them in a timely manner. Attendance at Board meetings is noted and recorded in the Board meetings minutes. BCC (Elaine Peach) is also notified of meeting attendance.
Please explain the system of governance and the financial control environment within the company	The group has a number of policies in place to manage its financial risks, along with a risk management programme which is reported to the Board and Audit Committee. Where actions are necessary and not covered by the policies in place, approval is sought from the Board. Enclosed at appendix A is the Airport's Management assurance to Directors which details further information on this process.
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	The group is highly regulated and have policies & procedures in place to ensure compliance. Management are adequately qualified to perform their duties. Audits & reviews are undertaken regularly to ensure that the control environment is effective. These are reported through management and internal audit to the Audit Committee. Enclosed at appendix A is the Airport's Management assurance to Directors which details further information on this process.
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going	Ordinarily, the business holds a 10-year business planning model which includes full financial statements. This model is updated on an annual basis

BIRMINGHAM AIRPORT	
Question	Response
concern and how are plans developed for taking remedial action to any adverse changes within the company	<p>to reflect actuals and updated budgets. There is then a regular review of the plan to ensure that assumptions remain valid and engagement is sort from stakeholders throughout the business. A focus of the plan is on cash management and ensuring sufficient funds are available or access to funds available throughout the term to meet both operational and development needs. The plan also allows the business to ensure it remains within financial covenants.</p> <p>In the year 19/20 however, the Covid-19 pandemic has caused significant uncertainty and as a result, the usual 10 year business plan has been replaced by a monthly phased 3 year plan to better understand the short term impact of the disruption on profitability and cashflow. This 3 year plan is updated and reviewed on a monthly basis for the latest actual results and known changes in assumptions, with a rolling 12 months shared with external lenders to satisfy covenant requirements. In addition, a downside sensitivity is included in the review to understand the potential risk on liquidity and covenant conditions. The expectation is once the benefits from the vaccine starts to come into play and there is more certainty on future passenger demands the 10 year plan will be updated</p>
What is the company's approach to the development of business continuity plans.	Engagement with key stakeholders throughout the business to understand the critical systems and processes in place. Understanding then the time criticality should these be compromised and the dependence these have on other systems and processes.
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements and other relevant laws and regulations.	The company has an information security department tasked with ensuring compliance with GDPR requirements

BIRMINGHAM AIRPORT	
Question	Response
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	<p>The risk assessment process is 'fit for purpose' and is supported by a robust internal audit function and external audit review. In addition, we keep proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and group.</p> <ul style="list-style-type: none"> • Annually we set Budgets which outline the forthcoming year's expectations for financial and statistical results. Budgets are a useful function to benchmark and compare actual results against which could potentially highlight inaccuracies with accounting. • The Airport prepares Monthly management accounts (and adopted FRS102 (new UK GAAP) during 2015/16 and the monthly management accounts are prepared on this basis), reporting actual results against budget on a monthly basis in a timely manner. In addition, the report includes Key Performance Indicators (KPIs) which are traffic lighted (red, amber, green) which direct attention to variances from prior year and Budget. The process includes investigating variances to budget with any anomalies identified and followed through to resolution. <p>The management accounts process is a thorough robust process and is able to disclose at any point in time the financial position of the company, subject to any processes that only occur at yearend such as actuarial valuations in accordance with accounting standard FRS102.</p>
Please set out your management's processes for identifying and responding to risks of fraud.	<p>Where risks of fraud are apparent or have been identified by internal audit or external auditors, management responds to these by reviewing existing controls and where necessary implementing additional controls. Consideration to risks of fraud forms part of Management's processes, for example additional controls were implemented to reduce the risk of fraud on changing supplier bank account details.</p>
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	<p>The Airport has a robust Internal Audit (IA) function which periodically reviews the financial functions and findings are reported through to the Airport's Audit Committee (AC).</p>

BIRMINGHAM AIRPORT	
Question	Response
	<ul style="list-style-type: none"> The IA function reports to the Chair of the Audit Committee and reports independently from management to the AC three times per annum. The Executive Board (EB) of directors formally reports to the Board six times per annum, any concerns raised by the EB are followed up with further supporting work and reporting.
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	PWC identified during the economic downturn that there had been an increase in fraudulent activities in changing bank details held within supplier payment ledgers, with employee's changing bank details from supplier's details to their own personal details. Immediately following this awareness, The Airport increased its controls in this area and these were subsequently reviewed by the Internal audit and external auditors for satisfactory compliance.
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	Internal Audit maintain a risk register which is updated by management and is reported to the Audit Committee highlighting any changes. The risk register was last reported March 2020 and this is being updated and presented at the next Audit Committee in February 2021.
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	No fraudulent or irregularities have been identified by the Directors or the Internal and External audit process.
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	The Airport's Board and Audit Committee include representatives from BCC and therefore any fraud or suspected fraud would be reported to BCC via their representatives on these bodies.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	The Airport's Board includes representatives from BCC and therefore any financial risks would be reported to the Board and hence BCC would be informed through this channel.

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

BIRMINGHAM AIRPORT	
Question	Response
How would the company communicate any breach of GDPR requirements to the Council.	The Airport's Board includes representatives from BCC and therefore any GDPR compliance breaches would be reported to the Board and hence BCC would be informed through this channel
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	The Airport has a Commercial Crime policy in place with a £5m value (£100k excess). This policy is dependent on rigorous policies and procedures being in place to mitigate fraud. The business operates segregation of duties, along with dual authentication (e.g. supplier payments). Change requests (i.e. bank details) are subject to verification from separate sources to those requesting. An authorisation level hierarchy is in place. The Airport also has an internal audit department to review policy and procedures in place, test effectiveness and advise improvements.
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	None to report at this point in time.

BIRMINGHAM AIRPORT	
Question	Response
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	<p>The financial statements continue to be prepared and comply with New United Kingdom Generally Accepted Accounting Practice (UK GAAP) following the adoption in 2015/16.</p> <ul style="list-style-type: none"> To the best of our knowledge using the experience and professional knowledge of staff and external guidance, the financial statements have been prepared in accordance with New UK GAAP and the Companies Act 2006. It should be noted that during 2020/21 there have been no fundamental changes within The Airport which would raise any concerns with regard to the appropriateness of its accounting policies in preparing its financial statements consistently with previous years. <p>We have selected and applied consistently, suitable accounting policies that are relevant to the company's and group's business</p> <ul style="list-style-type: none"> The accounting policies adopted during the year are consistent with those applied in prior years. <p>Accounting Policies are considered with any new area which arises during the year.</p>
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	None to report at this point in time.
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	<p>The Covid-19 pandemic has significantly impacted travel throughout 2020 and is likely to continue impacting normal trading in 2021. As a result the Airport is making substantial trading losses and many of its customers and suppliers are also impacted. As a result, some customers are at risk of insolvency which would result in an impairment of debtors, this is reviewed on a monthly basis through the Bad Debt Provision. In addition, a number of Investment properties are valued based on estimated future income, at this</p>

BIRMINGHAM AIRPORT	
Question	Response
	<p>time the income is reduced which could result in a reduction in the calculated value.</p> <p>Following a recent series of positive news on vaccines, reduction in quarantine periods and the Governments Test to Release program it is estimated that the Airport will begin to return to normal conditions during 2021-22.</p> <p>The financial impact of this is discussed further in Appendix A.</p>
Please set out details of any indemnities or guarantees that the company has given.	None to report at this point in time.
Please set out details of any indemnities or guarantees that the company has received.	As above
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	<p>The Airport's judgements and estimates made are reasonable and prudent.</p> <ul style="list-style-type: none"> • The Airport makes relatively few judgments and estimates in preparing the financial statements and where the directors have had to make provisions they are reasonable and prudent. • The provisions held are subject to a timed release policy where any greater than three years old are subject to a phased release, provisions held with this policy highlighted during PwC's review and identified within their audit report
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	None to report at this point in time.
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	The Covid-19 pandemic has been a much longer and deeper impact than first thought, whilst the short term future is difficult to predict it is likely that this will also impact 2021/22 as well, although it is expected that some normal trading will recommence during next year. The business has worked

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

BIRMINGHAM AIRPORT	
Question	Response
	on a range of scenarios to understand the financial impact of the ongoing pandemic. The financial impact and scenarios considered are discussed further in Appendix A.

Birmingham Airport – 2020/21 Financial Statements, Directors Representations

Management Assurance	Basis																					
a. company staff involved in the preparation of financial statements have sufficient skill and experience.	The key staff involved with the preparation of the financial statements are duly qualified accountants as per below:-																					
	<table><tr><th>Name</th><th>Position</th><th>Institute</th></tr><tr><td>Simon Richards</td><td>Chief Finance and Engineering Officer</td><td>Chartered Accountant</td></tr><tr><td>Chris Baller</td><td>Financial Controller</td><td>Chartered Management Ac'ts</td></tr><tr><td>Karen Chapman</td><td>Management Acc't</td><td>Chartered Management Ac'ts</td></tr><tr><td>Jack Wilcock</td><td>Business manager</td><td>Chartered Accountant</td></tr><tr><td>Jane Clarence</td><td>Financial Acc't</td><td>Chartered Certified Ac'ts</td></tr><tr><td>Charlotte Mills</td><td>Senior Business Partner</td><td>Chartered Management Ac'ts</td></tr></table>	Name	Position	Institute	Simon Richards	Chief Finance and Engineering Officer	Chartered Accountant	Chris Baller	Financial Controller	Chartered Management Ac'ts	Karen Chapman	Management Acc't	Chartered Management Ac'ts	Jack Wilcock	Business manager	Chartered Accountant	Jane Clarence	Financial Acc't	Chartered Certified Ac'ts	Charlotte Mills	Senior Business Partner	Chartered Management Ac'ts
	Name	Position	Institute																			
	Simon Richards	Chief Finance and Engineering Officer	Chartered Accountant																			
	Chris Baller	Financial Controller	Chartered Management Ac'ts																			
	Karen Chapman	Management Acc't	Chartered Management Ac'ts																			
	Jack Wilcock	Business manager	Chartered Accountant																			
	Jane Clarence	Financial Acc't	Chartered Certified Ac'ts																			
	Charlotte Mills	Senior Business Partner	Chartered Management Ac'ts																			
	The staff involved in the financial statements maintain continuous professional development and keep up to date with accounting developments through the institutions they belong to.																					
Any specific issues which arise, guidance is sort from either Pwc or other such qualified advisors to ensure the correct accounting practice.																						
b. there is no relevant audit information of which the company's auditors are unaware.	<p>We have provided the auditors (they) with:</p> <ul style="list-style-type: none">• Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;• Additional information that they have requested from us for the purpose of the audit; and• Unrestricted access to persons within the company/group from whom they determined it necessary to obtain audit evidence. <p>So far as each Director is aware, there is no relevant audit information of which the auditors are unaware.</p>																					
c. we have kept proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and group.	<ul style="list-style-type: none">• Annually we set Budgets which outline the forthcoming year's expectations for financial and statistical results. Budgets are a useful function to benchmark and compare actual results against which could potentially highlight inaccuracies with accounting.• In addition The Airport prepares Monthly management accounts (produced on the basis of New UK GAAP), reporting actual results against budget on a monthly basis in a timely manner. The process includes investigating variances to budget with any anomalies identified and followed through to resolution.• The Airport has a robust Internal Audit (IA) function which periodically reviews the financial functions and findings are reported through to the Airport's Audit Committee. Due to the Covid-19 pandemic the Internal Audit function has been on furlough during 20/21 and the Audit Manager has also recently found alternative employment and left the Airport, as a result here have been no IA reviews carried out during 2020/21. To reassure in the absence of these reviews, there has been no change in the senior finance team, all accounting has been performed in line with previous years (previous years' IA supported strong accounting and highlighted no major concerns) and due to the																					

Agenda Item 06 Appendix D – Management Assurance

Management Assurance	Basis
	<p>pandemic the value of the accounting records has significantly reduced due to the severe impact on traffic.</p> <ul style="list-style-type: none"> • In addition the external audit review carried out by PWC on both the controls framework of The Airport, which is an equally important review for certifying accuracy of records, and the yearend statutory review have both demonstrated strong financial records and have highlighted strong controls and no major concerns. • The management accounts process is a thorough robust process and is able to disclose at any point in time the financial position of the company, subject to any processes that only occur at yearend such as actuarial valuations in accordance with FRS102 pension accounting standard.
<p>d. our judgements and estimates made are reasonable and prudent.</p>	<ul style="list-style-type: none"> • The Airport makes relatively few judgments and estimates in preparing the financial statements and where the Directors have had to make provisions they are reasonable and prudent. • The provisions held are subject to a timed release policy where any greater than three years old are subject to a phased release. This policy was updated in 2018/19 with rebates now fully released over 5 years but still held in full for the first 3. This policy was reviewed in year and it was concluded that it is still appropriate and PWC concur.
<p>e. we have selected and applied consistently, suitable accounting policies that are relevant to the company's and group's business.</p>	<ul style="list-style-type: none"> • The accounting policies adopted during the year are consistent with those applied in prior years. • Accounting Policies are considered with any new area which arises during the year, such as adopting the accounting for the Runway Extension lease arrangement.
<p>f. the financial statements have been prepared under and comply with New United Kingdom Generally Accepted Accounting Practice (UK GAAP)</p>	<ul style="list-style-type: none"> • The Airport adopted New UK GAAP (FRS102) in 2015/16. The accounts have been prepared consistently to the prior year • To the best of our knowledge using the experience and professional knowledge of staff and any external guidance, the financial statements have been prepared in accordance with New UK GAAP and the Companies Act 2006.
<p>g. A going concern basis is appropriate for the preparation of the financial statements.</p>	<ul style="list-style-type: none"> • The Directors have reviewed the prospects for the Group and Company to March 2023 (twenty-four months from the balance sheet date) in the context of the ongoing Covid-19 pandemic and the insolvency of Flybe in March 2020. At the balance sheet date the Group is expected to have very strong liquidity, with a cash balance of £69m (14th December 2020 Mid Scenario). Actions taken to reduce expenditure in 2020/21 have led to cash outflows averaging £7.0 million per month at low passenger volumes. Therefore, on a simple basis, the Group remains compliant with the new Waiver Covenant and has sufficient cash to operate for over 18 months from this date. • The Directors have also considered the significant uncertainties facing the Group over the next two years and carried out financial modelling of a range of trading scenarios along with the actions which could be taken in response. • In assessing the going concern position, the Directors have considered: <ul style="list-style-type: none"> • the potential impact of Covid-19 on the group's cash flow and liquidity over the next 24 months, and • the associated impact on the covenants in the Group's financing arrangements. • Due to the uncertainty over when UK and international travel restrictions will be fully lifted, along with the uncertainty over airlines capacity plans and passenger demand, the scenarios

Agenda Item 06 Appendix D – Management Assurance

Management Assurance	Basis
	<p>currently assume from 4 million to 6 million Passengers in 2021/22 (33% to 50% of 2019/20 passengers).</p> <ul style="list-style-type: none"> • The Group and its Directors have proactively reduced cash outflows in both operating and capital expenditure and have utilised the Government's Coronavirus Job Retention Scheme to fund the cost of the two-thirds of employees who have been furloughed. • In addition, waivers on covenant compliance have been granted by lenders to avoid events of default arising from the potential failures against the leverage and interest cover tests at September 2020 and March 2021. A new testing date has been introduced for June 2021 along with a six months forward liquidity covenant, which is tested monthly. • It is the June 2021 covenant test which therefore represents the key uncertainty in the going concern assessment because compliance relies on the timing and pace of recovery in the sector. The Group forecasts to retain a satisfactory cash balance but cannot comply with EBITDA-based covenant ratios unless passenger volumes and revenues recover quickly enough. • Directors have kept shareholders fully informed regarding the projected finances of the Group and the risks around the lending covenants. Shareholders are fully supportive of actions taken to date and are ready to engage in further discussion should more tangible support be required in due course. • After due consideration of the matters set out above, the Directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis. However, the impact of the Coronavirus pandemic on the ability of the group to meet its covenant tests represents a material uncertainty that casts significant doubt on the Group and Company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. These financial statements do not contain any adjustment that would arise if the financial statements were not drawn up on a going concern basis.
h. all relevant related party transactions have been disclosed	<ul style="list-style-type: none"> • All relevant party disclosures have been included within the financial statements and are consistent with prior year's.
i. key management remuneration is disclosed appropriately	<ul style="list-style-type: none"> • Director's emoluments and Key management for pay and benefits, including pensions, have been disclosed within the notes to the financial statements including separate disclosure in respect of the highest paid Director, in accordance with New UK GAAP.
j. all employee benefit schemes are disclosed	<ul style="list-style-type: none"> • The Director's have made the auditors aware of all employee benefit schemes in which employees of the company and the group participate. These include:- <ul style="list-style-type: none"> • Health insurance • Disability income protection • Life assurance • Retirement benefits • Employee share option scheme • Company car scheme • Staff car parking • Discounted public transport • Child care vouchers

Agenda Item 06 Appendix D – Management Assurance

Management Assurance	Basis
k. there is proper treatment of contracts in the financial statements and material contracts have been disclosed to the auditors	<ul style="list-style-type: none"> • All contractual arrangements (including side-letters to agreements) entered into by the company and the group have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed.
l. no material breach of laws and regulations impacting the financial statements or involving key staff involved in the production of the financial statements.	<ul style="list-style-type: none"> • So far as each Director is aware there are no material breach of laws and regulations impacting the financial statements or involving key staff involved in the production of the financial statements
m. safeguarding the assets of the group and the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities (see representation letter)	<ul style="list-style-type: none"> • The Directors acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and hence operate a robust internal control process where periodically systems and processes are reviewed with any findings reported to the Audit Committee. • PWC as part of their control audit also review the Airport's control framework again reporting any findings in their audit report to the Audit Committee. • No fraudulent or irregularities have been identified by the Directors or the Internal and External audit process during the year.
n. We have complied with taxation requirements of all countries we operate and have brought to account all liabilities for taxation (see representation letter)	<ul style="list-style-type: none"> • To the best of our knowledge using the experience and professional knowledge of staff and any external guidance from our tax advisors, Ernst & Young, the financial statements have been prepared in compliance with UK Corporation tax. • There have been no significant changes in UK Corporation tax other than change in rates and hence the accounts have been prepared consistently with prior years whilst taking into account enacted tax rates. • We are not aware of any non-compliance that would give rise to additional liabilities by way of penalties or interest and there is nothing to disclose regarding Revenue investigations that we are aware of.
o. subsequent events disclosed	<ul style="list-style-type: none"> • The impact of the Covid-19 pandemic has been discussed in the Going Concern section (g) above. • There are no subsequent events of any material value which the Directors are aware of to disclose.

BIRMINGHAM CHILDREN'S TRUST CIC	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	In recruiting Directors the Trust has appropriate selection and evaluation criteria, which is then supplemented by its induction process for new directors. The Trust has a leadership and development programme for directors and holds regular Board development sessions.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	All directors attend regular committee and Board meetings and are also invited to a number of service meetings of a strategic nature. A record of attendance is maintained by the Head of Executive.
Please explain the system of governance and the financial control environment within the company	The Trust's overall governance is led by the Board supported by three sub-committees, which include Performance & Quality, Finance & Resources and Workforce Committees, and the Trust Executive. The Trust has adopted its own Scheme of Delegation which is reviewed on at least an annual basis.
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	The Trust has appointed Birmingham Audit to provide an internal audit of its main processes and controls to test and provide assurance to the Executive, Committees and Board.

BIRMINGHAM CHILDREN'S TRUST CIC	
Question	Response
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	The Trust produced a Strategic Business Plan for 2020/21 which has been signed off by the Council. This business plan is refreshed annually on a rolling basis and reflected the recommendations of the previous Ofsted inspection.
What is the company's approach to the development of business continuity plans.	The Trust has a number of business continuity plans covering specific services and is in the process of developing an overall business continuity plan for the Trust as whole based on advice by the Council's Business Resilience Team. The plans were activated at the start of the Covid-19 pandemic lock down in March 2020 and have been under regular review throughout 2020.
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements and other relevant laws and regulations.	The Trust inherited the levels of compliance with the (25th May 2018) Data protection Act 2018 and GDPR from the Council. To address the specific needs of the Trust an Information Assurance Plan has been developed and is being delivered in parallel to a similar Council Plan. Oversight of the delivery is via the Trust Information Assurance Group chaired by the Trust's Senior Information Risk Officer. The Trust also complies with the Department of Health information governance requirements for the sharing of data between health and social care.

BIRMINGHAM CHILDREN'S TRUST CIC	
Question	Response
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	The Trust has a corporate risk register and financial reporting is not identified as a significant risk. Operational risk registers are being rolled out across service areas which will include finance, at which further consideration will be given to this. In the meantime risks are monitored and managed by the Trust Executive and financial risk is monitored and managed by the Director of Finance & Resources with support from the Head of Finance and team.
Please set out your management's processes for identifying and responding to risks of fraud.	The Trust has adopted and adapted the Council's fraud policy for its purpose.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	The process of identifying the risk of fraud is overseen by the three Executive Directors in the Trust and would be reported to the Chief Executive and Head of Executive via the Executive meetings.
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	<p>The nature of fraud risk across the Trust extends to financial and contractual matters. The Trust also holds petty cash across its operations and has to ensure appropriate controls are in place to avoid fraud. Contract compliance is regularly monitored by the Trust. The Trust also has a whistleblowing policy and referred a previous incident to Birmingham Audit for further investigation, but proved inconclusive.</p> <p>In relation to fraud, case 2019/0564, which began in 2019/20, remains under criminal investigation, but due to the impact of Covid-19 this has not yet moved forward.</p>

BIRMINGHAM CHILDREN'S TRUST CIC	
Question	Response
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	Oversight of the corporate risk register is managed by the Director of Finance & Resources and a report is provided on a quarterly basis to the Finance & Resources Committee, which also undertake reviews ("deep dives") of individual areas of significant risk.
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	The Trust is subject to an external audit which tests for error or irregularity. There were no such issues detected during the financial year 2019/20. Suspected frauds or irregularities are referred to Birmingham Audit to investigate which are then subject to a report being provided to the Director of Finance & Resources. Matters of a significant nature are notified to the relevant Executive Director who would then take appropriate action, including notifying the Chief Executive where necessary. The level of awareness is therefore considered appropriate for the Trust.
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	This would be via the Trust's Executive and where appropriate reported to the Trust's Finance & Resources Committee and /or Board.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	The Trust meets with the Council on a monthly basis at the Operational Commissioning Group (OCG) at which a monthly financial report is provided, and on a quarterly basis provides a more detailed quarterly financial report to the Council which is then discussed at the OCG. The Trust also meets quarterly with the Council for the Partnership Governance Group at which all strategic risks can be raised and discussed.

BIRMINGHAM CHILDREN'S TRUST CIC	
Question	Response
How would the company communicate any breach of GDPR requirements to the Council.	The Trust has appointed a Data Protection Officer who reports to the Head of ICT, and the latter acts as the Chief Information Officer for the Trust. Any breaches would be reported via the DPO to the CIO, SIRO, and the Information Assurance Group which meets every other month, and the Trust's Executive on at least a quarterly basis.
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	The Trust has procured via the Council a series of insurances to cover financial losses in a number of areas. The scope and level of cover for such insurances is subject to annual review by the Director of Finance & Resources.
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	The Trust has received a number of injury claims which have been dealt with by its insurers.
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	The Trust's Director of Finance & Resources is responsible for determining the accounting policies in line with professional accounting standards, and agreeing these with the Finance & Resources Committee. These have been subject to independent review by the Trust's external auditors.

BIRMINGHAM CHILDREN'S TRUST CIC	
Question	Response
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	The Covid-19 pandemic meant that the approach to external audit was that it had to be completed remotely. In addition, the financial impact of Covid-19 on the Council was significant such that the Trust had to gain confirmation that the Council, as its owner, remained a Going Concern in order to satisfy its own external auditors of the Trust's Going Concern. This caused significant delay in the Trust's ability to secure a signed audit certificate for the financial year ending 31 March 2020 until 21 January 2021.
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	<p>The Trust does not currently hold any non-current assets.</p> <p>No changes in current circumstances that may cause impairment are envisaged.</p> <p>The Trust undertakes daily cash flow monitoring and cash management. The Trust secures investments of cash surpluses via the Council's Treasury Team.</p> <p>The Trust's debt relates to debtors only, 82% of which as at 31 March 2020 related to monies owed by the Council to the Trust. Aged debt is monitored on a monthly basis and the Trust buys back "Account Receivable" debt progression services from the Council via a support services agreement.</p>

BIRMINGHAM CHILDREN'S TRUST CIC	
Question	Response
Please set out details of any indemnities or guarantees that the company has given.	The Trust has not provided any indemnities or guarantees which would give rise to a financial commitment, other than standard contractual matters.
Please set out details of any indemnities or guarantees that the company has received.	The Trust also benefits from a number of contractual indemnities and guarantees. A significant contract relating to Priory Education Services Limited was subject to discussion with the Council on termination, in respect of a pensions guarantee, and it was accepted that the Council remained liable in respect of this guarantee.
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	The Trust made provision for the McCloud pensions judgement in line with the Council's accounting position for 2018/19 and this remains in place for 2019/20.
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	<p>The audit findings report of the external auditors was presented to the Trust's Finance & Resources Committee on 29th July 2020 and provided for three medium risks of a less urgent nature which still required further actions. All of which have now been actioned. There were three low risk items which required further work and these are being addressed.</p> <p>The accounts were presented to the Trust Board at its meeting of 22nd September 2020 and the Director of Finance & Resources was given delegated authority to sign the accounts on behalf of the Trust.</p>

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

BIRMINGHAM CHILDREN'S TRUST CIC	
Question	Response
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	The Trust experienced demand pressure as a result of the number of children in care increasing in 2019/20. This has been the subject of discussion with the Council and a contract variation of £7m was agreed for 2019/20 together with an increase in the contract sum for 2020/21. Despite Covid-19 the Trust delivered against its key performance targets for 2019/20.

BIRMINGHAM CITY PROPCO LTD	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	There has been a change in one directorship following recent retirement and the new director is a City Council professionally qualified planner at Assistant Director grade. The existing director is a City Council qualified property surveyor, also at Assistant Director grade and is a director of other City Council companies. No specific formal training has been provided for Propco, although training has been provided on Company Directorships by Legal Services.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	Propco completed its second trading year in March 2020 but due to the impact of Covid the audit has only just commenced (Dec 20). Accounts are due with Companies House by 31 st March 2021 (3 month extension). There have been two Directors meetings (6 th July and 22 nd October 2020) attended by both directors.
Please explain the system of governance and the financial control environment within the company	A Finance Business Partner and Finance Manager oversee all transactions. There are established contracts with PWC for accounting support and VAT/Tax advice and UHY Hacker Young as auditor. As above, the level of transactions with this company are low and monitored against an established business model/forecast spreadsheet.
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	All property related transactions are authorised by Property Services (i.e. rent income is raised via Manhattan and expenditure invoices are authorised for payment). The Finance Business Partner and Finance Manager roles are purely to action payment to and from Propco. A few

BIRMINGHAM CITY PROPCO LTD	
Question	Response
	non-property transactions i.e. professional fees are authorised by the directors themselves.
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	This has been well covered for the initial dealings of the company relating to 2 hotels at the NEC but the business plan could evolve to include more commercial property transactions. There are plans being considered as part of the Business Plan 2021+ to expand the asset base of Propco but these have not been developed yet.
What is the company's approach to the development of business continuity plans.	The Directors meeting on 6 th July 2020 discussed the impact of Covid on the hotel sector. This considered the level of outstanding rent, financial resilience of two hotel groups and payment instalment plans.
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	Nothing particular as the transactions are receipt of lease/rental and repayment of borrowing (together with some modest running costs). No major GDPR risk.
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	Financial reporting has identified outstanding rent from hotel companies and risk of non-payment of City Council loan during 2020/21.
Please set out your management's processes for identifying and responding to risks of fraud.	Separation of duties in place and there is a model which governs/monitors the transactions.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	Annual Board meeting.

Birmingham City Council 2020-21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

BIRMINGHAM CITY PROPCO LTD	
Question	Response
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	None
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	See above
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	None reported
How your organisation would raise the Council's Audit Committee's awareness of fraud or suspected fraud.	Would report internally and escalate accordingly
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	Embedded in monitoring but we have leases for both hotels for the long term.
How would the company communicate any breach of GDPR requirements to the Council.	Would report to Council reporting officer.
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what insurance cover does the company have in place.	Insurance is in place. Low risk of fraud with the controls in place and nature of the company and with the monitoring undertaken.

Birmingham City Council 2020-21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

BIRMINGHAM CITY PROPCO LTD	
Question	Response
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	The accounting processes and transactions were thoroughly reviewed by FHY Hacker as part of the audit of accounts for the year 2018/19 and in hand for 2019/20. The Directors were supplied with the resulting management report for 2018/19 and when the current audit is completed then the outcome will be presented to the directors in order to sign off the 2019/20 accounts.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	The impact of Covid and Going Concern as a result of difficulties that the hotel company tenants are having due to lockdown and ability to pay rent to Propco and then Propco to repay its loan with the City Council.
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	Impairment of the finance lease debtors was shown in the accounts for 2018/19 , however an immediate revaluation of assets at the start of Covid identified a £3m reduction in the value of the hotels which has impaired the value of the loan in the City Council's 2019/20 accounts.
Please set out details of any indemnities or guarantees that the company has given.	None
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	None

BIRMINGHAM CITY PROPCO LTD	
Question	Response
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	<p>The 2019/20 audit is currently under way and expected end of January 2021. The 2018/19 audit identified the following issues.</p> <ol style="list-style-type: none"> 1. VAT creditor overstated by £8k 2. Trade creditor of £67k misanalysed as an accrual 3. Interest on loan for 1 month (£67k) not accrued 4. BAC's controls – independent authorisation where bank account changes 5. Bank statements require authorisation to ensure reconciliation 6. Insufficient Directors meetings during year, 7. Operating lease relating to land has been classified as a finance lease. 8. The Council's policy of a 30%/70% land and buildings split valuation has been used rather than independent separate valuation.
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	Covid and non-payment of rent which will impact on Propco's ability to repay the City Council loan instalment (interest only) in 2020/21.

FINANCE BIRMINGHAM	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	From a regulatory perspective, the FCA requires annual confirmation that SMCR and directory persons are up to date on statutory compliance knowledge. From an operational perspective, the discipline of weekly senior management meetings, bi-monthly board meetings and annual appraisals (to include a review of any training requirements) keep everyone up to date. In addition, via a non-executive director, governance is monitoring via an independent view.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	Bi-monthly board meetings, supported by the provision of board Papers, minutes of content and those in attendance.
Please explain the system of governance and the financial control environment within the company	Governance is monitored at a number of levels; as a regulated company FB is required to operate within FCA guidance and governance is a statutory agenda item at each board meeting
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	Financial controls exist and a full accounts audit is undertaken by a third party (currently Smith Cooper) on an annual basis. Additionally, advice is taken from an external compliance advisor.

FINANCE BIRMINGHAM	
Question	Response
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	Finance Birmingham is a self-sustainable, profit making business.
What is the company's approach to the development of business continuity plans?	Finance Birmingham is a business that essentially operates on the ability of its people, however, contingency plans exist in the event that any supporting infrastructure fails.
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements and other relevant laws and regulations?	Finance Birmingham is GDPR compliant.
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	The company's financial performance is reported at every board meeting – anomalies are reported immediately. BCC officers and councillors attend FB board meetings.
Please set out your management's processes for identifying and responding to risks of fraud.	Financial controls are documented and followed. Senior management meets weekly and discusses each aspect of the business. As mandated by the FCA, FB has a formal Compliance Officer.
How do those charged with governance monitor management's	Any instances of fraud would be immediately reported to the Board by the CEO.

FINANCE BIRMINGHAM	
Question	Response
processes for identifying and responding to risks of fraud.	Management ensures that there is the appropriate segregation of duties in place to ensure that the risk of fraud is minimised.
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	None
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	Through regular (weekly) management meetings
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	None
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud?	The CEO would report to the FB board and, at the same time, raise awareness with senior BCC officers
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	Through financial updates and review of management accounts at bi-monthly board meetings.
How would the company communicate any breach of GDPR requirements to the Council?	The CEO would report to the FB board and, if required, raise awareness with senior BCC officers.
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance	PI insurance, Directors & Officers insurance

FINANCE BIRMINGHAM	
Question	Response
cover does the company have in place.	
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	No
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	Regular meetings with Smith Cooper. Annual audit.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	None
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	None

FINANCE BIRMINGHAM	
Question	Response
Please set out details of any indemnities or guarantees that the company has given.	Guarantee in the sum of £400k, approved by BCC – this relates to FDC's lease on the property at (part) 11 th floor, 45 Church Street. The guarantee was required due to the short trading history of FDC. FB's staff are located in these offices. The guarantee falls away in August 2021.
Please set out details of any indemnities or guarantees that the company has received.	None
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	None
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	None
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	None

BIRMINGHAM INREACH LTD	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	<p>Review of relevant skill sets, training, review of performance and associated experience to the project.</p> <ul style="list-style-type: none"> - INReach has two directors appointed by BCC who are both senior officers within BCC with extensive knowledge and experience in housing development sector and finance. - INReach has no direct employees - INReach has a service contract with BCC to provide specialist skills in housing development, finance and legal services
How does the company ensure that Directors engage fully with the company and what is the record of attendance	<p>Small core team, regular contact and strict areas of responsibility</p> <p>Quarterly Board meetings are held, and the Directors have 100% attendance record.</p>
Please explain the system of governance and the financial control environment within the company	<p>Management hierarchy consisting of a board of directors and key personnel working underneath, with individual responsibilities. Monthly review of performance and cashflow along by the directors, prepared by external accountants, from information provided by internal team.</p>
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	<p>Annual audit undertaken, regular review and liaison with external accountants for preparation of management accounts. Timely delivery is key and if any errors occur this is reviewed immediately.</p>

BIRMINGHAM INREACH LTD	
Question	Response
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	<p>Cashflow reviewed on monthly basis (in line with budget and also future forecast). Other sites for development are under consideration and investment has been secured to fund.</p> <p>Daily review of cash held at bank and monthly management accounts are prepared to provide an overview, forming basis of discussion points for management. Budgets are set at the start of the year and are reviewed as any changes occur within the company. Any shortfalls are questioned and acted on wherever possible.</p>
What is the company's approach to the development of business continuity plans.	<ul style="list-style-type: none"> - INReach risk management plan - Business continuity Insurance
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements and other relevant laws and regulations.	<ul style="list-style-type: none"> - INReach does not hold or process any personal data, contracted parties are required to be fully compliant with GDPR requirements
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	All variances from agreed budget are detailed. Any results that aren't in line with expectations are reviewed and discussed, action being taken to rectify any issues where necessary. Journal entries are

BIRMINGHAM INREACH LTD	
Question	Response
	<p>reviewed for reasonableness and all material adjustments are queried and documented.</p> <p>The risk register is reviewed on a monthly basis at project group and reported to board a quarterly basis.</p>
Please set out your management's processes for identifying and responding to risks of fraud.	Processes are made as automated as possible, duties are segregated and external advisors are employed to review on an at least monthly basis. No cash is handled and access to bank accounts is very restricted. External agents are employed to collect rent, but internal ledgers of debtors are collected and reconciled. Transactions are of a regular nature and any changes to bank accounts are queried and verified.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	Review in line with expectations and budgets. Performance reviews of duties are also undertaken. Processes are documented and all staff trained initially and made aware of any changes.
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	No area deemed more at risk of fraud than any other.
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	Monthly discussions take place in line with prepared management accounts. Any past errors would be acted upon and new systems put in place to prevent re-occurrence.

BIRMINGHAM INREACH LTD	
Question	Response
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	None
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	Communicate any occurrences or weakness in systems that were identified via the risk register and board meeting
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	Regular monthly meetings are held which communicate such matters. <ul style="list-style-type: none"> - Monthly management accounts are shared with BCC as INReach's sole shareholder - Updates and performance are discussed at BCC Partnership board attended by INReach director(s)
How would the company communicate any breach of GDPR requirements to the Council.	Promptly and in writing.
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	<ul style="list-style-type: none"> - Insurance Cover summary attached - Through its engagement of Accountant
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	No

BIRMINGHAM INREACH LTD	
Question	Response
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	Reviewed at least annually and are agreed by management with external accountants, in line with accounting standards and any relevant laws and regulations that may apply.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	COVID-19 pandemic; no materially adverse effects on financial statements however some delays have occurred in future development as a result of unusual working patterns and environment
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	None deemed to have occurred.
Please set out details of any indemnities or guarantees that the company has given.	None
Please set out details of any indemnities or guarantees that the company has received.	None
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	None deemed necessary

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

BIRMINGHAM INREACH LTD	
Question	Response
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	Recognition of revenue to be changed to account for on a receivable basis (previously recognised on a cash basis) Audit report attached
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	None

NATIONAL EXHIBITION CENTRE DEVELOPMENTS LTD	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	The Company's sole function is servicing the finance originally raised to fund the construction of halls 17-20 at the National Exhibition Centre. City Council officers manage the Company and City Council officers have been appointed as Company directors.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	City Council officers manage the Company and City Council officers have been appointed as Company directors. Directors meeting held during 2020/21 was attended by both directors
Please explain the system of governance and the financial control environment within the company	The Board comprises two Board members and is responsible for managing the affairs of the Company. It meets a minimum of once a year to discuss the requirements of the Company. The Board approves the Company's annual budget, the resources for which are included within City Council's plans.
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	All transactions are processed through the City Council's financial systems in line with a budget previously approved by the Company Directors.
What are the company's arrangements for the development of its Business Plan, including details of cashflow management,	Not applicable. The largest transaction relates to fixed interest payable in relation to £73m loan. Other transactions are minor costs

NATIONAL EXHIBITION CENTRE DEVELOPMENTS LTD	
Question	Response
determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	to operate the Company and administer the debt. The Company has no sources of income other than the City Council
What is the company's approach to the development of business continuity plans.	Not applicable
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements and other relevant laws and regulations.	City Council officers manage the Company in line with City Council processes.
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	All transactions are processed through the City Council's financial systems.
Please set out your management's processes for identifying and responding to risks of fraud.	All transactions are processed through the City Council's financial systems.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	All transactions are processed through the City Council's financial systems
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	Largest transaction relates to the fixed interest payment in relation to £73m loan.

NATIONAL EXHIBITION CENTRE DEVELOPMENTS LTD	
Question	Response
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	City Council officers manage the Company and City Council officers have been appointed as Company directors. Largest transaction relates to the fixed interest payment in relation to £73m loan
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	None
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	City Council officers manage the Company and City Council officers have been appointed as Company directors.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	Not applicable. The largest transaction relates to fixed interest payable in relation to £73m loan. Other transactions are minor costs to operate the Company and administer the debt. The Company has no sources of income other than the City Council.
How would the company communicate any breach of GDPR requirements to the Council.	City Council officers manage the Company and City Council officers have been appointed as Company directors
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	<p>The largest transaction related to fixed interest payable in relation to £73m loan. Other transactions are minor costs to operate the Company and administer the debt.</p> <p>All transactions are processed through the City Council's financial systems.</p>

NATIONAL EXHIBITION CENTRE DEVELOPMENTS LTD	
Question	Response
	The City Council maintains Directors and Officers insurance which both the Company and Directors have benefit of, to the value of £1million.
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	None
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	Accounting policies principally relate to the debt and are reviewed annually when preparing the Company accounts.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	None
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	None
Please set out details of any indemnities or guarantees that the company has given.	None

NATIONAL EXHIBITION CENTRE DEVELOPMENTS LTD	
Question	Response
Please set out details of any indemnities or guarantees that the company has received.	The Company has no source of funds other than the City Council. The City Council has given a guarantee to the Company in relation to the £73m loan stock, and has agreed to make payments to the Company to enable it to meet all of its other liabilities as they fall due for at least 12 months following the date of approval of the financial statements.
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	An active market quote did not exist for the guarantee given by the City Council over the Company's 2027 loan stock at 1 May 2015. Management, therefore developed an estimate of its fair value at initial recognition based on the trading price of the company's listed loan stock given the cashflows are identical
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	External auditor highlighted lack of segregation of duties in the maintenance of accounting records, and production of the financial statements. A City Council resource is being identified to address the issue.
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	None

BCC Questionnaire – Paradise Circus Limited Partnership

Paradise Circus Limited Partnership (“PCLP”) is a Limited Partnership registered in the UK for the purpose of the development of Paradise Circus, Birmingham City Centre. It was established as a joint venture between BCC and Britel Fund Trustees Limited (“Britel”).

Paradise Circus is a 17 acre site in the historic civic heart of Birmingham. The planned mixed-use development will provide a mix of offices, shops, leisure and cultural facilities together with civic amenities, a hotel and new public realm. The Enterprise Zone has accelerated the transformation of the city centre, which has attracted £58million of private investment, securing a range of occupiers such as HSBC and HMRC. Enterprise Zone funded works are now programmed to be completed in early 2020. All of the Phase 1 works are due to be completed in Q1 2020. The Enterprise Zone funded work for Phase 2 was approved in December 2018, and this work is ongoing.

Paradise Circus General Partner Limited (the “GP”) has considered the impact of adverse changes in the market on the financial risks of market, currency, interest rate, credit and liquidity risks. It has been determined that any adverse changes in the market to the parameters that determine the effects of these financial risks will have a minimal impact on the financial performance and position of PCLP. The GP continues to monitor the economic market for fluctuations, which drive PCLP’s decisions and policy.

As PCLP is a joint venture, the Directors were appointed by way of a joint agreement between BCC and Britel. There are 4 directors on the board of the General Partner of PCLP, comprised of two directors from BCC and two from Britel. Any decisions taken must be taken by way of joint agreement by BCC and Britel. No resolutions can be passed without consensus from both parties involved.

Contracts are entered into between PCLP and 3rd parties in relation to the development and management of the development, such as Avison Young as real estate advisors, and SRM as above. Such contracts are always approved by both BCC and Britel. Sanne keep a record of all contracts entered into, and approval dates.

PCLP has no employees or workforce of its own. Instead, in order to achieve completion of its purpose, various third parties have been engaged:

- Argent LLP – is a UK property developer and acts as Property Manager for PCLP. Argent are responsible for the development works, and oversee the contractors engaged on the project (such as Sir Robert McApline (“SRM”) and BAM Construction Limited). Argent are also responsible for the budgeting of the joint venture, with assistance from Avison Young as below.
- Avison Young UK LLP – provides additional budgeting support and project planning for PCLP
- Sanne Group (UK) Limited – are engaged to provide company secretarial, administration and accounting services to PCLP and the wider structure. Sanne and Argent are in constant communication with one another regarding the project.

As PCLP has no workforce of its own, it therefore maintains none of its own controls, policies and procedures. Instead, these are the policies and procedures that are undertaken by Sanne as service provider to PCLP. PCLPs control environment and agreed practices around internal controls, review and audit are therefore an extension of Sanne.

With respect to Business Continuity Protocols/Practice, Sanne has its own BCP, which includes all employees being able to work remotely. Both BCC and Britel are able to contact some members of staff outside of business hours if required.

Quarterly board meetings are held, which must be attended by at least 1 BCC and 1 Britel director. In practice all directors attend the quarterly board meetings, either via phone if needed. All directors are heavily involved in the decision making for PCLP and the structure. During 2019 all of the directors were in attendance at these meetings. Sanne, Argent and Avison Young also attend these meetings to advise on any matters as necessary. Sanne oversee the governance of PCLP and the structure.

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	See attached document
How does the company ensure that Directors engage fully with the company and what is the record of attendance	See attached document
Please explain the system of governance and the financial control environment within the company	See attached document
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	See attached document
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	See attached document
What is the company's approach to the development of business continuity plans.	See attached document

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements and other relevant laws and regulations.	<p>SANNE has implemented its own GDPR & Data Protection project to ensure that we have an end-to-end privacy compliance framework in place; this is fundamental in demonstrating how we are aligned with the requirements of the GDPR. Some of the key project streams include:</p> <ul style="list-style-type: none"> • The implementation of appropriate policies and procedures; • The roll out of a global training and awareness programme; • A priority driven data mapping and inventory exercise for each process within the business; and <p>Third party vendor review programme.</p>
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	<p>Sanne PLC Board has agreed a risk appetite statement for the Group. Those risk appetite statements are adopted by all the regulated entities within the Sanne Group:</p> <ul style="list-style-type: none"> • SANNE Group will take all reasonable steps to apply controls to mitigate the risk of fraud against its clients or any SANNE Legal Entity. • SANNE will apply a zero tolerance to any activity by any employee or party acting on behalf of a SANNE legal entity that constitutes, or could lead to, any fraudulent activity. • As permitted by law, SANNE will cooperate openly and transparently with SANNE's regulators and other lawful authorities in governing, preventing, detecting, responding or

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
	<p>remediating any fraudulent activity.</p> <ul style="list-style-type: none"> Where any fraud is considered to be of a material nature, as determined by the CS&GS Risk Committee, then the matter will reported to the relevant Board of Directors who will determine it should be reported as a criminal activity to the local law enforcement authority. SANNE will apply a risk-based approach to monitoring transactional activity and asset transfers that will include setting thresholds and client behavioural tolerances that will automatically prompt a referral for that activity or transaction to be subject of a further review. As fraud is a predicate offence and when any employee has reasonable grounds to suspect that a fraud has been committed or attempted they will raise a SAR/STR and it will be processed in accordance with agreed reporting procedures.
Please set out your management's processes for identifying and responding to risks of fraud.	Sanne has established an anti-Fraud policy, and training. Fraud is included in compliance monitoring programme, as well as tested by first, and third line of defence.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	<p>Sanne has implemented the 3 lines of defence model.</p> <p>The 1st line of defence (FLOD) owns and manages risks. It includes senior and middle managers, and staff. FLOD is responsible for identifying and managing risk as part of their accountability for achieving objectives. Sanne has also established a QA function, which sits within first line of defence and is responsible for testing controls.</p>

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
	<p>Compliance and Risk forms the 2nd line of defence (SLOD). This provides the policies, frameworks, and support to enable risk and compliance to be managed in the first line, conducts monitoring to test adequacy and adherence to controls. Reports are provided to local boards and directors.</p> <p>Internal Audit function forms the 3rd line of defence (TLOD) Its main responsibility is to ensure that the first two lines are operating effectively and advise how they could be improved. IA reports to the board. It also provides an evaluation, through a risk-based approach, on the effectiveness of governance, risk management, and internal control to Sanne's senior leaders.</p>
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	<p>External fraud covers:</p> <ul style="list-style-type: none"> • Client is fraudster - where the client commits, or attempts to commit fraud through their accounts or products against another party. • Third Party Fraud - where a third party (i.e. anyone who is not a client of SANNE Group) uses our client's details to commit, or attempt to commit fraud. • Where a third party uses fraud against a SANNE entity. <p>Internal fraud covers:</p> <ul style="list-style-type: none"> • Employee Fraud - committed by, or assisted by, staff, suppliers (and employees of suppliers) or business introducers. Activity includes: <ul style="list-style-type: none"> ○ The intention to exploit an individual's or

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
	<p>organisation's trust or legitimate access to their assets for unauthorised and or/illegitimate purposes.</p> <ul style="list-style-type: none"> ○ Aiding and abetting others through recklessness or wilful blindness, where colleagues are not actively involved in a deception, but recklessly or knowingly allow it to happen. ○ Aiding or abetting others to commit tax evasion.
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	Please see the above sections.
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	There are no instance of, or allegations of fraud, errors or other irregularities for the 2020 calendar year.
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	Notification to BCC representatives that sit on the board of Paradise Circus General Partner Limited and General Partner of Paradise Circus Limited Partnership.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	This would be communicated by Argent LLP and Avison Young UK LLP, who are engaged to provide services to the limited partnership. SANNE provide company secretarial and accounting services only.
How would the company communicate any breach of GDPR requirements to the Council.	Notification to BCC representatives that sit on the board of Paradise Circus General Partner Limited and General Partner of Paradise Circus Limited Partnership.

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	SANNE has a control framework in place to mitigate risks in line with market practice. This residual risk is then insured. SANNE have appropriate levels of insurance in place.
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	No claims have been made against the directors or the company. We are not aware of any incidents that may lead to a claim. There have also been no claims against the company secretary.
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	The financial statements for PCLP are prepared under FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The accountants are kept up to date with any changes made to accounting policies which may affect the preparation of the financial statements. These are considered during financial reporting and also advised by the auditors of PCLP.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's	COVID-19 means a more in-depth going concern assessments are undertaken by the Directors of the GP. Please see the below

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
consolidated financial statements.	<p>disclosure that has been included within the accounts:</p> <p>COVID-19</p> <p><i>In early 2020, the existence of a new coronavirus (COVID-19) was confirmed and since this time COVID-19 has spread to the UK and across the world. COVID-19 has caused disruption to businesses and economic activity, reflected by the recent severe fluctuations in global stock markets.</i></p> <p><i>The directors of the General Partner have considered the effect of the COVID-19 outbreak on the Partnership's activities. The outbreak has caused a significant disruption to the Partnership's business at the date of the approval of these financial statements; on-site works have been materially reduced so as to comply with government guidelines on social distancing and construction and site preparation timelines have been pushed back. At this time given the inherent uncertainties, it is not possible to determine the extent and the quantum of the impact.</i></p>
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	N/A
Please set out details of any indemnities or guarantees that the company has given.	N/A

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
Please set out details of any indemnities or guarantees that the company has received.	N/A
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	N/A
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	None have been identified yet – the audit is still ongoing.
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	<p>COVID-19 – on construction and development times. However, this has been built into the forecasting for PCLP. Please see the going concern disclosure that has been included within the accounts:</p> <p>Going concern</p> <p><i>The Partnership's recent and current activities are set out within the Business Review in the Strategic Report on page 5. The directors of the General Partner have considered the effect of the COVID-19 outbreak. The directors recognise the significant disruption to the Partnership's business activities caused by the outbreak, however do not consider that this has cast doubt on the Partnership's ability to continue as a going concern. The Partnership has considerable financial resources in the form of funding committed from Birmingham City Council and Britel Fund Trustees Limited for the duration of the development phase of the Partnership.</i></p>

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
	<i>As a consequence, the directors believe that the Partnership is well placed to manage its business risks successfully, and have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt a going concern basis in preparing the Partnership's financial statements.</i>

PETPS BIRMINGHAM LIMITED	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors. Specialist advice is obtained when required.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	<p>Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors.</p> <p>Directors meeting held during 2020/21 was attended by both directors</p>
Please explain the system of governance and the financial control environment within the company	<p>Following the completion of the sale of the NEC Group in 2015, the Company assumed the ongoing funding obligation of the NEC Limited Pension Fund and Scheme. At the same time Birmingham City Council gave guarantees to meet the funding obligations that may arise in respect of the liabilities.</p> <p>The assets of the Fund and Scheme are held separately from the Company. The Company itself has no financial transactions.</p>
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	The Company itself has no financial transactions.

PETPS BIRMINGHAM LIMITED	
Question	Response
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	The Company itself has no financial transactions.
What is the company's approach to the development of business continuity plans.	The Company itself has no financial transactions.
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements and other relevant laws and regulations	Birmingham City Council officers manage the Company in line with Birmingham City Council processes
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	The Company itself has no financial transactions.
Please set out your management's processes for identifying and responding to risks of fraud.	The Company itself has no financial transactions.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	The Company itself has no financial transactions.

PETPS BIRMINGHAM LIMITED	
Question	Response
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	The Company itself has no financial transactions.
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	The Company itself has no financial transactions.
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	Not applicable. The Company itself has no financial transactions.
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	Not applicable. The Company itself has no financial transactions.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	Not applicable. The Company itself has no financial transactions.
How would the company communicate any breach of GDPR requirements to the Council.	Birmingham City Council officers manage the Company and Birmingham City Council officers have been appointed as Company directors
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	Not applicable. The Company itself has no financial transactions.

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

PETPS BIRMINGHAM LIMITED	
Question	Response
	Directors and Officers insurance is available to the value of £1million. Pension Trustee liability cover is also available to the value of £10 million.
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	None
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	Accounting policies are reviewed annually when preparing the Company accounts.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	None
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	None

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

PETPS BIRMINGHAM LIMITED	
Question	Response
Please set out details of any indemnities or guarantees that the company has given.	The Company is sole guarantor of the NEC Pension Trustee Company Limited, a wholly owned subsidiary.
Please set out details of any indemnities or guarantees that the company has received.	Birmingham City Council has given guarantees to meet the current and future contingent funding obligations that may arise in respect of the NEC Limited Pension fund and the NEC Executive Pension Scheme.
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	None
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	None
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	None

PETPS (BIRMINGHAM) CAPITAL LIMITED, PETPS(BIRMINGHAM) GENERAL PARTNER LIMITED, PETPS(BIRMINGHAM) PENSION FUNDING SCOTTISH LIMITED PARTNERSHIP	
Question	Response
Company Environment	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	Birmingham City Council ("City Council") officers manage the Companies and Partnership. City Council officers have been appointed Directors of the Companies.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	City Council officers manage the Companies and Partnership. City Council officers have been appointed Directors of the Companies. All meetings held during 2020/21 were attended by both directors.
Please explain the system of governance and the financial control environment within the company	During 2017/18, the City Council implemented an asset backed funding structure to allow the City Council to finance payments to the NEC Limited Pension Fund. As part of this, the City Council set up wholly owned companies PETPS (Birmingham) Capital Limited and PETPS (Birmingham) General Partner Limited which established PETPS (Birmingham) Pension Funding SLP. The Partnership was capitalised with £17.2m cash which has been loaned back to the City Council. All cash transactions are processed through the City Council's financial systems.
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	All cash transactions are processed through the City Council's financial systems.

PETPS (BIRMINGHAM) CAPITAL LIMITED, PETPS(BIRMINGHAM) GENERAL PARTNER LIMITED, PETPS(BIRMINGHAM) PENSION FUNDING SCOTTISH LIMITED PARTNERSHIP	
Question	Response
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	Not applicable. The largest transaction relates to payments by the City Council to the Partnership under the £17.2m loan and the Partnership makes payments to the Trustee of the Fund in accordance with an agreed distribution schedule.
What is the company's approach to the development of business continuity plans.	Not applicable
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements and other relevant laws and regulations	City Council officers manage the Companies and Partnership in line with City Council processes.
The Identification, Mitigation and Reporting of Risk	
Please set out your management's views on your risk assessment process as it related to financial reporting.	All cash transactions are processed through the City Council's financial systems.
Please set out your management's processes for identifying and responding to risks of fraud.	All cash transactions are processed through the City Council's financial systems.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	All cash transactions are processed through the City Council's financial systems.
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	Not applicable. The largest transaction relates to payments by the City Council to the Partnership under the £17.2m loan and the

PETPS (BIRMINGHAM) CAPITAL LIMITED, PETPS(BIRMINGHAM) GENERAL PARTNER LIMITED, PETPS(BIRMINGHAM) PENSION FUNDING SCOTTISH LIMITED PARTNERSHIP	
Question	Response
	Partnership makes payments to the Trustee of the Fund in accordance with an agreed distribution schedule
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	City Council officers manage the Companies and Partnership. City Council officers have been appointed Directors of the Companies.
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	None
How would your organisation raise the Council's Audit Committee's awareness of fraud or suspected fraud.	City Council officers manage the Companies and Partnership. City Council officers have been appointed Directors of the Companies.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	Not applicable. The largest transaction relates to payments by the City Council to the Partnership under the £17.2m loan and the Partnership makes payments to the Trustee of the Fund in accordance with an agreed distribution schedule
How would the company communicate any breach of GDPR requirements to the Council.	City Council officers manage the Companies and Partnership. City Council officers have been appointed Directors of the Companies.
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what type and value of insurance cover does the company have in place.	<p>All cash transactions are processed through the City Council's financial systems.</p> <p>Directors and Officers insurance is maintained to the value of £1million in respect of PETPS(Birmingham) General Partner Limited, and £1million in respect of PETPS(Birmingham) Capital Limited.</p>

PETPS (BIRMINGHAM) CAPITAL LIMITED, PETPS(BIRMINGHAM) GENERAL PARTNER LIMITED, PETPS(BIRMINGHAM) PENSION FUNDING SCOTTISH LIMITED PARTNERSHIP	
Question	Response
Have any claims been made against the company or its Directors, or are you aware of any incidents that may lead to a claim, which have not been reported to the company's insurers?	None
Financial Statements	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	Accounting policies are reviewed annually when preparing the Company accounts.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	None
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	None
Please set out details of any indemnities or guarantees that the company has given.	None
Please set out details of any indemnities or guarantees that the company has received.	None

Birmingham City Council 2020/21 Informing the Audit Risk Assessment

Group Accounts Preparation

Appendix 1

PETPS (BIRMINGHAM) CAPITAL LIMITED, PETPS(BIRMINGHAM) GENERAL PARTNER LIMITED, PETPS(BIRMINGHAM) PENSION FUNDING SCOTTISH LIMITED PARTNERSHIP	
Question	Response
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	None
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	External auditor highlighted lack of segregation of duties in the maintenance of accounting records. A City Council resource is being identified to address the issue.
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	None