

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE

THURSDAY, 30 SEPTEMBER 2021 AT 14:00 HOURS
IN BMI MAIN HALL, 9 MARGARET STREET, BIRMINGHAM, B3 3BS

A G E N D A

1 NOTICE OF RECORDING/WEBCAST

The Chair to advise/meeting to note that this meeting will be webcast for live or subsequent broadcast via the Council's meeting You Tube site (www.youtube.com/channel/UCT2kT7ZRPFCXq6_5dnVnYlw) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

2 APOLOGIES

To receive any apologies.

3 DECLARATIONS OF INTERESTS

Members are reminded that they must declare all relevant pecuniary and non pecuniary interests arising from any business to be discussed at this meeting. If a disclosable pecuniary interest is declared a Member must not speak or take part in that agenda item. Any declarations will be recorded in the minutes of the meeting.

4 EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC

a) To consider whether any matter on the agenda contains exempt information within the meaning of Section 100I of the Local Government Act 1972, and where it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.

b) If so, to formally pass the following resolution:-

RESOLVED – That, in accordance with Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to information) (Variation order) 2006, the public be excluded from the meeting

during consideration of those parts of the agenda designated as exempt on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information.

1 - 12

5 **MINUTES - AUDIT COMMITTEE 26 JULY 2021**

To confirm and sign the minutes of the last meeting of the Committee held 26 July 2021.

6 **APPOINTMENT OF THE INDEPENDENT ADVISOR TO THE AUDIT COMMITTEE**

(3 minutes allocated) (1402 – 1405)

Verbal update

13 - 52

7 **STATEMENT OF ACCOUNTS 2020/21 & AFR PROGRESS REPORT**

(5 minutes allocated) (1405 – 1410)

Report of Director of Council Management

53 - 68

8 **EXTERNAL AUDITORS PROGRESS UPDATE**

(20 minutes allocated) (1410 – 1430)

Report of the External Auditors

69 - 84

9 **ASSURANCE SESSION - THE LEADER'S PORTFOLIO**

(55 minutes allocated) (1430 – 1525)

Verbal discussion

The Leader with the Interim Chief Executive

(including the Council's Transformation Plan)

85 - 90

10 **EQUAL PAY UPDATE**

(15 minutes allocated) (1525 – 1540)

Report of the Director of Council Management and the City Solicitor and Monitoring Officer

91 - 94

11 **SCHEDULE OF OUTSTANDING MINUTES**

Information for noting.

12 **DATE OF THE NEXT MEETING**

The next meeting is scheduled to take place on Tuesday, 19 October 2021 at 1400 hours in the Birmingham & Midlands Institute, Main Hall.

13 **OTHER URGENT BUSINESS**

To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chair are matters of urgency.

14 **AUTHORITY TO CHAIR AND OFFICERS**

Chair to move:-

'In an urgent situation between meetings, the Chair jointly with the relevant Chief Officer has authority to act on behalf of the Committee'.

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE 26 JULY 2021

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON MONDAY, 26 JULY 2021 AT 1400 HOURS IN THE MAIN HALL, BIRMINGHAM & MIDLANDS INSTITUTE, 9 MARGARET STREET, BIRMINGHAM, B3 3BS

PRESENT:-

Councillor Grindrod in the Chair;

Councillors Akhtar, Bore, Bridle, Jenkins, Morrall, Quinnen and Tilsley

NOTICE OF RECORDING/WEBCAST

- 344 The Chair advised and the meeting noted that this meeting would be webcast for live or subsequent broadcast via the Council's You Tube site (www.youtube.com/channel/UCT2kT7ZRPFCXq6_5dnVnYlw) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

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

DECLARATIONS OF INTEREST

- 345 Members were reminded that they must declare all relevant pecuniary and non-pecuniary interests relating to any items of business to be discussed at this meeting. If a pecuniary interest was declared a Member must not speak or take part in that agenda item. Any declarations would be recorded in the minutes of the meeting.
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APOLOGIES

- 346 Apologies were submitted on behalf of Andrew Hardingham, Independent Advisor to the Audit Committee for his inability to attend the meeting. Item 6 – Appointment of the Independent Advisor to Audit Committee would be deferred to the next meeting.

Councillor Safia Akhtar would be joining the meeting late.

Audit Committee – 26 July 2021

At this juncture, for the purposes of the web-streaming, members of the committee introduced themselves.

EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC

Members agreed there were no items on the agenda that contained exempt information.

347 **RESOLVED:-**

That, in accordance with Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to information) (Variation order) 2006, the public be excluded from the meeting during consideration of those parts of the agenda designated as exempt on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information.

MINUTES – AUDIT COMMITTEE – 29 JUNE 2021

348 **RESOLVED:-**

That the public minutes of the last meeting having been circulated, were agreed by the Committee.

APPOINTMENT OF THE INDEPENDENT ADVISOR TO AUDIT COMMITTEE

349 **RESOLVED:-**

That the appointment of the Independent Advisor to the Audit Committee be deferred to the next meeting.

ASSURANCE SESSION – CABINET MEMBER EDUCATION, SKILLS & CULTURE PORTFOLIO

The Chair welcomed the Cabinet Member for Education, Skills and Culture to the Assurance Session.

Kevin Crompton, the Interim Director for Education and Skills was introduced to by the Cabinet Member for Education, Skills and Culture.

The following presentation from the Cabinet Member for Education, Skills and Culture was shared with the Committee: -

(See document No.1)

The presentation gave an overview of the key areas covered within the portfolio i.e. School financial deficits; school places (Primary and Secondary); IT

Audit Committee – 26 July 2021

Infrastructure Limitations; Birmingham Adult Education Services; School condition and compliance; Academy conversions; Exclusions; Children missing from Education and Equalities & Relationships Teaching.

In addition, Interim Director of Education and Skills highlighted following discussions with his Assistant Directors, it had been identified certain service areas within the directorate had capacity concerns e.g. areas such as IT, Safeguarding & Licensing Team. He informed the Committee, these concerns would be raised with the Interim Chief Executive and suggest necessary recommendations.

Members response

The Committee then asked questions of the Cabinet Member Education, Skills and Culture. These were around; safeguarding concerns raised in the Children's Wellbeing portfolio and the lack of understanding around safeguarding across the board; further clarity was required on the inadequate IT infrastructure to support children missing in education service; concerns around tracking and monitoring of children missing from education and children missing – in particular, child brides.

Additional questions were raised around the 'Interim' posts for the Director for Education and Skills and reflective agency rates; concerns around SEND – Ofsted Inspection indicated failings in 12/13 areas – this which was an 18 month Improvement plan which had been going on for 30 months; questions were raised if the Cabinet Member and Interim Director were able to make improvements to the SEND service; concerns upon the impact on children's education as a result of Covid-19 (as exams had been cancelled) and what was being done to mitigate the impact of this; Importance of local library services and the if progress had been made with providing public access to wider services (community hub) i.e. those who need support for employment and queried what the Council's governance responsibilities was with elective home education.

Councillor Morrall raised several queries around; how much additional funding was given by the West Midlands Combined Authority 2021-22; replacing boilers in schools and maintaining buildings – costs associated with Acivico; reduction in BAES fees and non-public programmes as income streams had decreased—who were the competitors; IT Infrastructure – what was happening with Adult learning and were laptops being provided; increase in home-schooling – figures pre-Covid and through Covid period; school exclusions and the demographics (i.e. gender, race etc) and what was happening to re-engage children as there was a lot of gang issues and child sexual exploitation when children were excluded from schools.

As there were several queries raised by Councillor Morrall, the Chair agreed for a written response to be provided to these questions.

Further questions from members were raised around the increasing number academy conversions and if there was an opportunity for the local authority to regain control of schools; concerns around children who were away abroad or out of education - if there would be enough school places for when they return to the UK and subsequent queries raised if the school waiting lists would be longer this year.

Audit Committee – 26 July 2021

In response to members questions, the following points were made by the Cabinet Member Education, Skills and Culture and the Interim Director for Education and Skills;

Safeguarding – There was great emphasis around safeguarding and the Cabinet Member was grateful for the commitment made by the schools; Headteachers, teachers and support staff. As a result of the pandemic, webinars, online training, toolkits had been introduced to staff to ensure staff were fully equipped and understood safeguarding i.e. making referrals to Birmingham Children's Trust (BCT) and spot early signs.

The Birmingham Safeguarding Board share an S175 report on an annual basis. However, greater co-ordination was required around safeguarding to ensure this was a Council wide responsibility. There were no immediate concerns in this area however, capacity had to be addressed.

IT Infrastructure – Children missing from Education - The IT infrastructure system required updating in order for better communication to take place between various systems. Information around children missing from education and children missing was shared with BCT. Exclusions was being monitored closely to identify where children were missing. A regular dialogue was taking place between BCC and BCT around interrelationships of systems. A business case for improvement in ICT would be completed in the near future.

The Interim Director for Education and Skills agreed to circulate a written response outlining the number of children missing in education, children missing and the work around the safeguarding.

It was highlighted, there was an increased number of families who preferred to educate their child/ children at home (which was a parent's legal entitlement). Resources had been put in place to ensure families understood what was required for home educating. This had been exacerbated by Covid-19 and many home visits had not been completed.

There were additional issues around how children were employed. The Child Licensing Officers had informed the Cabinet Member, Birmingham was inundated with film productions, programmes requests. Many requests for child, actors were being made and this required processing of numerous applications etc. Though this was positive for the city and for children to gain experience, it was crucial to ensure the correct support and chaperones were in place. It was highlighted, as a result of Covid 19, many children had been exposed to sexual exploitation, gangs etc, therefore, close work was taking place with BCT, police, social services to ensure targeted support was offered to those most in need.

'Spoons' project – It was concerning when children were being taken away to other countries for ulterior motives however, there had been an improvement on sharing intelligence. A memorandum of understanding had been signed with the airport which covered data exchange between the service, BCT to ensure a referral mechanism was in place between relevant parties. In addition, regional enquires took place to verify children were kept safe by sharing information between agencies.

Councillor Tilsley provided a summary as to what the 'Spoons' project involved.

Contractual details for the Interim Director for Education and Skills

At this juncture, the Chair reminded Councillor Jenkins contractual details were not appropriate to be discussed at the meeting however, suggested for a written response to be provided.

Councillor Jenkins informed the Committee there had been 7 Directors for Education & Skills and 6 deputy Directors in 9 years. Interim Directors costs were more than a direct employment.

The Chair sought advice from the Assistant Director – Legal Services & Deputy Monitoring Officer. He advised he would review the contract and provide this to Councillor Jenkins if appropriate.

The Cabinet Member for Education, Skills and Culture noted there had been a number of Directors within this area however, the interim Director was post until a permanent Director was appointed. She highlighted this post was one of the biggest education jobs in the country with the largest responsibility attached to it.

SEND - The Cabinet Member for Education, Skills and Culture emphasised there was a need for a permanent Director of Education and Skills as it was a statutory requirement. Work was taking place on this and envisaged the process to commence in September with the aim to fill the post by December at the latest. SEND was not a part of the Education, Skills and Culture portfolio however, close work was taking place with the Interim Director for Education and Skills. She noted a huge improvement had to be made.

Impact of Covid-19 – Education & exams – During Covid-19, mixed messages had been communicated by Government as to what schools had to deliver. However, work had been taking place with the schools to ensure they were equipped with the right tools. It was noted some children had been missing from education as parents were concerned about the covid-19 infections and health risks. The Cabinet Member was uncertain as to how things would evolve for September however, the service area would make sure the right support and tools were in place. It was noted schools had made great efforts to educate children at home. Extra resources had been placed for children's mental health and discussions were taking place with the Clinical Commissioning Groups ahead of the school's reopening.

Elective Home Education (EHE) – Parents had the right to home educate their children with strict guidelines. The Local Authorities duty was to provide support to the parents and to assess what education parents were providing. The Local Authority were able to serve a school attendance notice to those parents who were operating at low levels.

There was a rise in EHE during the pandemic however, felt that once parents were confident to send their children back to school this would decrease. The Cabinet Member added some parents found home educating easier than having to take children to school. There seemed to be a gradual culture shift whereby some families preferred to home educate.

- EHE figures reported to Ofsted – 2066 in February 2020 which had increased during the pandemic to 2449 February 2021.

Libraries – The Cabinet Member informed there was further work to be done in this area. Recently, a report around employment skills had been launched which would address better connections and local issues.

Academy Conversions – This was the individual school's choice if they wanted to convert to an academy. Work was taking place with maintained schools to ensure children were successful in all schools across the city. In addition, Academies would be challenged if there were signs of any failings. The Cabinet Member highlighted School Improvement policies were in place.

School allocations & waiting lists – There was an effective team in place to manage school places and a high percentage of children had been allocated their first choice. In some instances, there were issues around poor communication between the family and provider of the place. Dependant on where the schools were, the waiting lists varied.

At this juncture, the Chair referred to advice received from the Assistant Director – Legal Services & Deputy Monitoring Officer around Councillor Jenkins' query on contractual information for the Interim Director. He advised in response to a written question at the last full council, details of all Interim Director and Assistant Directors costs were shared with members therefore, this was accessible to all.

The Chair thanked the Cabinet Member for Education, Skills and Culture and the Interim Director for Education & Skills for their attendance.

Upon consideration, it was:

350

RESOLVED:-

That the Audit Committee;

- (i) Noted the updates received on the Education, Skills and Culture Portfolio.
- (ii) Agreed for a written response outlining the number of children missing in education, children missing and the work around the safeguarding to be provided.
- (iii) Noted the Assistant Director – Legal Services & Deputy Monitoring Officer to review the contract for the interim Director for Education and Skills and provide this to Councillor Jenkins if appropriate.
- (iv) Agreed for a written response to be provided to Councillor Morrell around;
 - additional funding West Midlands Combined Authority 2021-22;
 - costs associated with Acivico - replacing boilers in schools and maintaining buildings;
 - who were the competitors as there was reduction in BAES fees and non-public programmes decreased income streams;
 - IT Infrastructure – what was happening with Adult learning, laptops being provided;

Audit Committee – 26 July 2021

- increasing home-schooling – figures pre-Covid and through Covid period;
- school exclusions – the demographics (i.e. gender, race etc) and what was happening to re-engage children as there was a lot of gang culture and CSE's when children drop out of schools.

OMBUDSMAN REPORT CONCERNING A COMPLAINT ABOUT HOME TO SCHOOL TRANSPORT DEPARTMENT

The following report and presentation of the Assistant Director of Inclusion and Special Educational Needs and Disability was submitted: -

(See document No.2 & 3)

The Interim Director of Education and Skills was present for this item. The Head of Service, Home to school Transport Manager referred to the presentation and provided members with a summary of LGSCO Report. The report consisted of complaints from the two families which were similar in nature therefore, the LGSCO's report covered both complaints including the Council's handling and consideration of both applications and subsequent appeals for home to school transport. The LGSCO had made a list of recommendations for Birmingham City Council to action.

In addition, the Ombudsman had advised the Council to make several service improvements. The Council agreed to all the Ombudsman's service improvement recommendations and in addition the Council agreed to additional actions outlined within the presentation.

The Council had undertaken a number of actions, such as the Appointment of an Interim Eligibility Review Manager; Recruitment of interim additional capacity in relation to Eligibility Officers; Legal services to review all revised processes and procedures for compliance; arrange further training etc. Details of these were contained within the presentation.

Members response

Councillor Bore highlighted there would have been a point when the complaint would have been registered with the Council and this would have been an opportunity for the Council to review the complaint and make a response rather than escalate to the Ombudsman. He questioned if the Council investigated these cases at the point and if officers were made aware the Ombudsman would be looking at them to determine any immediate action. He questioned, if this did not happen why did the Council not action this.

The Interim Director Education and Skills indicated he would check whether the complaints were considered at the stages outlined by Councillor Bore and if not ensure this was avoided in future.

Councillor Bore added there had been several years of maladministration in this service area. He requested for a formal response to be provided to the Audit Committee on queries he raised. Once a response to the questions was received, he suggested the Interim Chief Executive and Interim Director to

respond to the process which would be in place to deal with these matters. In addition, the Interim Director for Education and Skills agreed to share the procedure the service currently operated.

Councillor Jenkins added one of the concerns highlighted by the Ombudsman were around the 'right to appeal' which was not respected and information around this should be also shared with the members too.

The Interim Director for Education and Skills explained he was appointed to prioritise the SEND service and to make an honest assessment. He highlighted there were a number of issues that had to be addressed and strengthened going forward. Cabinet would be receiving a report in the near future which would unpack the issues around capacity; EHCP's; SENDIASS etc.

At this juncture, the Chair added the Weightman's Review would be shared at a future meeting.

Councillor Tilsley commented many investigations and reviews had taken place however, better judgement was required.

The Interim Director for Education and Skills concluded it was important for the service to get to a better place.

Upon consideration, it was:

351

RESOLVED:-

That the Audit Committee,

- i) Noted the Assistant Director of Inclusion and Special Educational Needs and Disability response to the Local Government and Social Care Ombudsman's recommendations.
- ii) Agreed for the Interim Director for Education & Skills to provide a formal response to the Audit Committee on the following areas of the complaints;
 - 1) when was the department and the council advised of the complaints,
 - 2) which officers considered whether the matter should be taken up by the council,
 - 3) whether the Cabinet Member was advised of the action to be considered by the city council,
 - 4) what was the decision and if there was a decision not to investigate, whether the Cabinet Member was/was not informed of that decision
 - 5) concerns highlighted by the Ombudsman around the 'right to appeal',
 - 6) The procedure that the service currently operated to be shared with members
- iii) Agreed that once replies to the questions listed in part ii of this resolution were received, the Interim Chief Executive and Interim Director to provide a response to the process which would be in place to deal with the matters raised by the Committee.

RISK MANAGEMENT UPDATE

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

(See document No.4)

The Chair welcomed Simon Ball, the Chair of Audit Committee for Birmingham Commonwealth Games 2022, (Non-executive Director on the Organising Committee Board) and Annie Hairsine, Director of Programme Management and Integrated Planning for the Organising Committee, also the Chair of Cross Partner Programme Group to the meeting.

The Assistant Director, Audit & Risk Management reminded members during the April meeting, the risk register update was shared. Members challenged the level of risk associated with the Commonwealth Games which was then discussed with the Corporate Leadership Team (CLT). CLT assessed the Committee's challenge around the Delivery of the Commonwealth Games against the criteria and supported the continuation of the assignment being Medium / Medium. However, it was felt that the rating of other risks relative to this may need to be revisited. As a result, a series of workshops took place to challenge a further 19 risks on the register - in terms of deletion, adjusting risk levels, merger or reframing.

Simon Ball and Annie Hairsine provided an overview of the Organising Committee (OC) and how risks were managed.

Key points noted;

- The OC were responsible for the operating and delivery of the commonwealth games.
- There were approximately 400 employees working for the OC and an excess of 10,000 volunteers.
- Members were notified the risks associated with the CWG were managed via a 3 line of defence. These were noted as; Functional Area Heads (Primary responsibility); Independent programme planning review process and Exam Audit – internal audit and outsource to PWC.
- This year, Internal Audit was being embedded, as audits were taking place on a real time basis. There was more focus on value for money, legacy, substantiality, diversity, inclusion etc.
- The National Audit Office (External Auditors) and Government Internal Audit Authority (GIAA) overlook this work.
- An outline of the CWG Audit Committee was shared with members.
- Not all the risks were shared with the OC board. Some risks were shared with the two additional sub committees in place; Contracts Approval Committee and Operational Risk Committee.
- There were two additional external validations – i) Government Major Projects Review Group – Reviewed the work undertaken twice a year ii) Commonwealth Games Federation CoCom.
- Examples of cross partner groups was shared with members.

There were no questions raised by members.

The Chair thanked Simon Ball and Annie Hairsine for their attendance.

Upon consideration, it was:

352

RESOLVED:-

That the Audit Committee,

- i) Noted the Risk Management Framework which sets out the processes for identifying, categorising, monitoring, reporting and mitigating risk at all organisational levels.
- ii) Noted the framework was implemented through a network of Directorate Risk Representatives. Risk representatives assist directorate management teams in producing and maintaining up-to-date risk registers and supporting action plans.
- iii) Noted the Strategic risks are reviewed and challenged through the Corporate Leadership Team.
- iv) Noted the overview received by the Chair of the Commonwealth Games Audit Committee.

EXTERNAL AUDITORS PROGRESS REPORT

The following report of the External Auditors was submitted: -

(See document No.5)

Upon consideration, it was:

353

RESOLVED:-

The Committee noted the content of the External Auditors Progress report.

CIPFA FINANCIAL MANAGEMENT CAPABILITY REPORT (FMCR) – FIVE STAR ASSESSMENT UPDATE – FINAL ASSESSMENT JUNE 2021

The following presentation of the Principal Consultant, CIPFA was submitted: -

(See document No.6)

The Chair welcomed Stuart Fair, Principal Consultant, CIPFA to the to the meeting. It was noted Birmingham's overall Financial Resilience assessment was 'Moderate'. Birmingham was an exemplar in the transformation of financial management capability given the extent of improvement achieved over the last two years. The average statement scoring placed Birmingham in top quartile of fully assessed organisations therefore, leading to an overall 'Three Star' from 'One Star' (April 2019).

He provided an overview of the high-level matrix from April 2019 to the latest position in May 2021.

Audit Committee – 26 July 2021

The strengths identified by Birmingham were around; Financial Leadership, Financial Strategy – the Financial Plan 2021 – 2025, In-year Monitoring, Forecasting and recalibration agility, Treasury Management, Governance and Risk and Advanced Business Partnering. Birmingham had the potential to improve further – towards 'Four Star' within 18 months – September/October 2022 given current level of progression.

Members response

Members questioned around; who was responsible for the positive turnaround; there were concerns around slipping back to a lower rating - how to retain the high rating; comments made around Birmingham being the largest authority with a number of interims in post – therefore, expect to be 'Five' star; the need to have culture change with officers and members and establishing transparency within this; sustainability was crucial and ensuring the culture shift was maintained by the Interim Chief Executive and the Leader of the Council to avoid any slippage; queries around how much did Covid – 19 contribute to the shift as funds had been given to the Council and confirmation of how many other council's had 'five star' ratings.

In response to Members questions, the Principal Consultant made the following points;

- There were several factors which contributed to the positive turnaround from '1 star' rating to '3 star'. These included; the direction and monitoring of the S151 Officer; the use of specialists for financial management, treasury management etc and the members of the Audit Committee had been working differently by questioning those held to account.
- Officers were moving in the right direction and members were holding relevant people to account via Scrutiny, Audit and Star Chamber therefore, it was unlikely to slip back to a lower rating instead move forward.
- There was more confidence in tracking areas such as CWG, Highways PFI.
- Star Chamber – Performance reports were much more focussed.
- Corporate complacency had now been dealt with. There was still some structural deficit where efficiencies had to be generated however, Birmingham were currently in a good place.
- There was the challenge of retaining the financial team as there were a number of interims.
- Birmingham would be a centre of excellence if the positive work continued.
- No Councils had a '5 star' rating, a few local authorities had '4 star' rating.
- Covid -19 – Birmingham had had done well with a Covid-19 plan as this was being tracked well. During this period, some of the normal services were obscured which would have had an impact on how services managed the funds however, there was a framework in place for the management of the money. Much more work had to be done to strengthen areas however, services were now in a better place.

The Chair noted the significant improvement made by the Council. He highlighted the Audit Committee had been a contributing factor to the improvement by summoning those accountable to the meetings. There was a notable culture change which pushed the challenge. In addition, he requested for the Interim Director of Council Management, S151 Officer to provide any

Audit Committee – 26 July 2021

updates to the committee on any areas of challenge, improvement to ensure the positive work continued.

354 **RESOLVED:-**

That the Audit Committee noted the CIPFA Financial Management Capability Report.

SCHEDULE OF OUTSTANDING MINUTES

355 Members were provided with updates to the outstanding actions.

DATE OF THE NEXT MEETING

The next meeting is scheduled to take place on Thursday, 30 September 2021 at 1400 hours in the Birmingham & Midlands Institute, Main Hall.

(Note: this date replaced the 28th September Committee date).

356 **OTHER URGENT BUSINESS**

RESOLVED: -

No other urgent business was raised.

AUTHORITY TO CHAIRMAN AND OFFICERS

357 **RESOLVED:-**

That in an urgent situation between meetings the Chair, jointly with the relevant Chief Officer, has authority to act on behalf of the Committee

The meeting ended at 1627 hours.

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CHAIR

BIRMINGHAM CITY COUNCIL – PUBLIC REPORT

Report to:	AUDIT COMMITTEE
Report of:	Director of Council Management (Interim)
Date of Report:	30 September 2021
Subject:	STATEMENT OF ACCOUNTS 2020/21 SEPTEMBER UPDATE
Wards affected: All	
1	Purpose
1.1	To brief the Committee on the progress of the audit of the draft Statement of Accounts 2020/21, the proposed timetable to completion, and publishing an audited Statement of Accounts and the process that Birmingham City Council will follow to support the Committee in considering and subsequently approving the audited Statement of Accounts 2020/21.
1.2	The statutory requirements for local authority accounting are set out in the Local Audit and Accountability Act 2014, supported by the Accounts and Audit Regulations 2015 (SI 2015 No 234) or 'the 2015 Regulations'.
1.3	As a result of the Covid pandemic the Accounts and Audit (Amendment) Regulations 2021 (SI 2021 No 263) have amended the 2015 Regulations for the 2020/21 financial year, deferring publication dates and making other consequential changes.
1.4	The regulations determine the format, content and timings of the Statement of Accounts.
2	Decisions recommended:
	Members are recommended to:
2.1	Note the legislative requirements and proposed review, publication and approvals timetable for the audited Statement of Accounts.
2.2	Note the three items that are currently proposed to change between draft and final Statement of Accounts, and the slight delay to the previously proposed audit timetable.
2.3	Note the proposed briefings offered to the Committee.

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Contact Officer: Mohammed Sajid
Telephone No: 0121 303 3313
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3 Compliance Issues:

- 3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies?:
The publication of the Statement of Accounts is a legislative and statutory requirement.
- 3.2 Relevant Ward and other Members/Officers etc. consulted on this matter:
The Chair of the Committee has been consulted.
- 3.3 Relevant legal powers, personnel, equalities and other relevant implications (if any):
The statutory requirements for local authority accounting are set out in the Local Audit and Accountability Act 2014, supported by the Accounts and Audit Regulations 2015 (SI 2015 No 234) or 'the 2015 Regulations'.
- 3.4 Will decisions be carried out within existing finances and resources?
Yes
- 3.5 Main Risk Management and Equality Impact Assessment Issues (if any):
None.

4 Proposed timetable and Progress update

- 4.1 The proposed timetable to approval and publication of the Statement of Accounts 2020/21 is as follows:

30 September 2021	Briefing to the Audit committee on progress, and key issues, with an updated timetable proposed.
30 September 2021	Publication of notification to delay issuance of the audited Statement of Accounts on our website
Early October	Briefings offered to committee and members on the changes made as required
19 October 2021	<ul style="list-style-type: none">• Grant Thornton present their Audit Findings Report at Audit committee meeting, assuming audit work is substantially complete at this point• Audit Committee to approve audited Statement of Accounts, subject to any minor changes
Late October/Early November	<ul style="list-style-type: none">• Director of Council Management (Interim) reconfirms the audited Statement of Accounts• Conclusion of Audit and publication
November	<ul style="list-style-type: none">• Conclusion of the VFM Audit

- 4.2 The draft Statement of Accounts 2020/21 were authorised for issue by the Director of Council Management (Interim) as planned, on 30 June 2021, and

published the next day, at which point a period of public inspection also began in accordance with regulation 9(1)(b). This period of inspection lasted for 30 days in accordance with regulation 14(1).

- 4.3 Only one request was received during this period relating to Covid support to businesses.
- 4.4 While some audit work had commenced previously, 1 July 2021 also represented the commencement of the main element of the audit, in line with the audit plan that has previously been shared with the committee.
- 4.5 Briefings were offered to the committee, and members, on the content of the draft Statement of Accounts during July 2021 and a briefing session was held on the evening of 27 July 2021 via Microsoft Teams.
- 4.6 The audit of both the Statement of Accounts, and the separate Value for Money Audit, is, at the time of writing, running slightly behind the expected timetable as set out in the audit plan. An update will be provided verbally at the Committee meeting.
- 4.7 It was intended that a near final set of accounts would be provided to this Committee on 30 September, for approval subject to any further minor changes, with finalisation and publication at some point in early October 2021.
- 4.8 It is not currently expected that the audit will be sufficiently completed by 30 September for the accounts to be presented with enough confidence in completion of the audit.
- 4.9 At this point, no material issues have been identified in the audit to raise with the committee, although it is noted that there are still significant areas of the audit to complete.
- 4.10 As such, we are providing this briefing, which includes notification of three currently proposed changes to the draft accounts, identified by the Council post publication, and an updated timetable, which incorporates final signing and approval of the Statement of Account at the November audit committee.

5 Items of note

- 5.1 Given the short turnaround of the draft Statement of account, we have continued to review the contents and disclosures contained in it post publication, and in parallel with the audit.
- 5.2 We have identified three changes that we are proposing to make, as set out below. The auditors have been notified of these changes and are currently considering them. Should they agree, each will be made in the final Statement of Accounts, which will be subsequently provided to, and approved by this committee. The three items are set out below:

Update to accounting treatment for the business support COVID grant

- 5.3 Across three large grants (Small business Grant fund/Retail Hospitality; the Leisure Grant fund; and the Local Authority Discretionary grant fund) we received £231.5m of funding.
- 5.4 Of this income received, we allocated and provided £226.4m to local businesses based on the funding criteria. The remaining £5.1m is to be returned to BEIS (The Department for Business, Energy and Industrial Strategy)
- 5.5 For all material grant streams, we are required to assess whether the Council is acting as an agent (where we have no control, and just pass funds through), or a principle (where we control amounts, destination and criteria for distribution).
- 5.6 If it is concluded that we have acted as an agent, then we do not show the income, or expense, in our Comprehensive Income & Expenditure Statement (CIES). If we have acted as the principle, then we show both income and expense in full.
- 5.7 The net impact on the CIES, all reserves and cash is the same in both cases. It is simply a change in how the fund flow is disclosed but does alter the presentation of the CIES for both income and expense.
- 5.8 Post publication, and on further review, we have revised our conclusion on the element of this funding that relates to the small business grant fund/retail hospitality and the leisure grant fund (amounting to £216.8m). In the draft Statement of Account, we have accounted for these funds as if we were the principle, showing both income and expense. We are content that the Local Authority Discretionary Grant Fund element should continue to be disclosed as principal and shown in the CIES.
- 5.9 We have now concluded that the correct disclosure should be to treat the funds as if we are an agent.
- 5.10 The proposed change will reduce income and expense by £216.8m, but have no impact on reserves, the net CIES or cash.

Updated presentation of our financial instruments disclosures

- 5.11 In our Statement of Accounts we are required to provide information on our financial instruments – transactions that give rise to a financial asset or liability.
- 5.12 Although our disclosures in past years had been audited and it was agreed they met the requirements of relevant standards, as part of our continuous improvements we wish to present this information differently, with greater detail and additional information to aid the users of the accounts. In order to do this we also need to adjust prior year comparators.

- 5.13 We had initiated discussions with the external auditors prior to publishing the draft Statement of Accounts in June 2021 but there was insufficient time to agree the changes and the draft accounts were based largely on the prior year format. If the auditors agree to our proposed changes these will be made for the audited version of the Statement of Accounts and these will act as a template for future years.
- 5.14 The proposed changes are presentation and have no impact on reserves, the net CIES or cash

Streamlining of our IFRS15 (Revenue from contracts with customers) disclosures

- 5.15 IFRS 15 (Revenue from contracts with customers) requires certain disclosure of the income that we receive from customers.
- 5.16 Historically, we have provided a specific note to incorporate this requirement, which in the draft Statement of Accounts 2020/21 is Note 14, on page 67.
- 5.17 This note currently supports £71.1m (2019/20 £88.7m) of CIES income and £15.8m (2019/20 £12.0m) of Net assets.
- 5.18 Amounts for, and disclosure of revenue from contracts with customers are included in a number of other parts of the Statement of Account. On review of the standard, we have noted that there is likely to be sufficient other disclosure that this note can be completed removed, and we will still be compliant with the standard, and the code.
- 5.19 Our Statement of Accounts is a significant document, which can be hard to digest. One aim we have set ourselves is to simplify this document, and reduce content where it is not required and adding no value to the reader. This will also make production of the document more efficient, and remove potential areas of further challenge.
- 5.20 It should be noted that across Local Government, there are many other Councils who do not include this note. So removing it, would also make us more consistent with the approach taken across the sector.
- 5.21 We have produced an IFRS15 disclosure checklist, and at the moment, on the grounds of other disclosures included elsewhere, and materiality, we are proposing to remove this note. If the audit team agree with this, it will not be included in the final set of accounts that this committee approves.

6 Timetable and approach

- 6.1 After Members have approved the Statement of Accounts, regulation 10 sets out the requirements for publication, which requires publication of the Statement of Accounts together with any certificate or opinion entered by the local auditor

- 6.2 Regulation 10(1) requires publication to take place by 30 September. If the audit opinion has not been given by the relevant date, regulation 10(2) requires that a notice be published as soon as reasonably practicable stating that the Statement of Accounts has not been issued, giving reasons why publication has not been possible. The Statement of Accounts must then be published as soon as reasonably practicable after the receipt of the report of the auditor's final findings (which can be a report issued before the conclusion of the audit)
- 6.3 The original audit timetable was set, assuming that the final statement of accounts would miss the 30 September 2021 deadline, and be completed during October 2021.

The timetable is now such that we are planning on offering a briefing to members on the final document at the October meeting alongside a near final external auditors Audit Findings Report (AFR) and that the Committee at that meeting should be able to approve the Statement of Accounts, subject to any further minor changes, with finalisation and publication at some point in late October 2021.

Signature:

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Rebecca Hellard, Director of Council Management (Interim)

/BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	AUDIT COMMITTEE
Report of:	Director of Council Management (Interim)
Date of Decision:	30 September 2021
Subject:	AUDIT FINDINGS REPORT UPDATE
Wards affected: All	
1	Purpose
1.1	At its meeting on 25 November 2020, Audit Committee Members considered the External Auditor's Audit Findings Report (AFR) on the Council's financial statements, which summarised the significant outcomes, conclusions and recommendations from their work to date.
1.2	At that time, whilst the external auditors had completed the substantial proportion of their audit of the financial statements, there remained a number of elements where further work was required. Following the completion of the work, the External Auditor issued a revised Audit Findings Report, which Members considered on 26 January 2021.
1.3	The revised AFR contained 13 new recommendations and followed up on 5 recommendations from prior years.
1.4	Management responses were considered at Audit Committee on 26 January 2021 and are identified in Appendix 1. Quarterly update reports have been presented to this Committee on 30 March 2021 and 29 June 2021. This report provides the next quarter's update on progress in implementing action to meet the recommendations also identified in Appendix 1.
2	Decisions recommended:
	Members are recommended to:
2.1	Note the updates on progress in implementing action to meet the recommendations of the External Auditor's Audit Findings Report.

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3 Compliance Issues:

- 3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies?:
The coverage of the Audit Findings Report, Annual Audit Letter and actions highlighted in this report are consistent with the policy framework and budget.
- 3.2 Relevant Ward and other Members/Officers etc. consulted on this matter:
The Chair of the Committee has been consulted.
- 3.3 Relevant legal powers, personnel, equalities and other relevant implications (if any):
The work of the external auditors is governed by the Code of Practice issued by the National Audit Office in accordance with the Local Audit and Accountability Act 2014.
- 3.4 Will decisions be carried out within existing finances and resources?
Yes
- 3.5 Main Risk Management and Equality Impact Assessment Issues (if any):
The Audit Findings Report includes details on activities where the External Auditor has identified that the Council can make improvements or reduce risks in its operations. This report provides an update as to how the recommendations made will be addressed.

4 Relevant background/chronology of key events:

- 4.1 The external auditor's Audit Findings Report (AFR) was considered by this committee at its meeting on 25 November 2020. Included within the AFR were details of work that still remained to be completed.
- 4.2 A revised AFR, along with management responses was considered by Audit Committee on 26 January 2021. At that meeting, Audit Committee agreed for further reports to be provided setting out progress in implementing the proposed activity in response to the recommendations set out in the AFR.
- 4.3 This report provides the third quarterly update on that proposed management activity.
- 4.4 Appendix 1 provides the management response to the AFR recommendations and includes updates to meet those recommendations.

Risk Analysis

- 4.5 Risk analysis is a process of reviewing the risks identified and assessing the potential likelihood of them occurring and the impact they would have.

The first assessment is the inherent risk, as identified in the AFR by the Council's external auditors. Any controls that are put in place to help manage the risk will then influence the likelihood and impact identified to give a residual risk as identified in Appendix 1. The impact of the risk is in relation to

the council's achievements of its objectives and its overall performance (financial and non-financial)

- High - Critical impact on the achievement of objectives and overall performance. Huge impact on costs and/or reputation. Very difficult to recover from and possibly requiring a long term recovery period.
- Significant - Major impact on costs and objectives. Medium to long term effect and expensive to recover from.
- Medium -. Moderate impact on operational efficiency, output and quality. Medium term effect which may be expensive to recover from.
- Low - Minor loss, delay, inconvenience or interruption. Opportunity to innovate/make minor improvements to performance missed/wasted. Short to medium term effect.

Each recommendation has been categorised as follows:

- Blue – action deemed completed, with no residual risk
- Green – progress on track, and on time, with assumed limited or no residual risk once completed
- Amber – activities likely to leave residual, unmitigated risk.
- Red – activities deemed insufficient to reduce risk and remains a material issue to the Council.

Signature:

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Rebecca Hellard, Director of Council Management (Interim)

Appendices

Appendix 1 – Management response to Audit Findings Report recommendations including updates to meet those recommendations.

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
20/01	Council's Resilience and Financial Sustainability				
	Residual Risk	Low			
	Impact	Medium			
	<p>The Council's forecasting contains significant indicative provisional funding gaps in the coming years (approximately £100m per year after the 2020/21 year).</p> <p>Although the Council has identified actions to close the funding gap in the 2020/21 year, work in this area is likely to continue as councils across the country adjust to the true impacts of the Covid-19 pandemic.</p> <p>Recommendation The Council need to continue to plan for future years and proactively identify and mitigate cost pressures and financial risks as they arise.</p>	<p>The Council has already taken unprecedented action by undertaking a comprehensive mid-year assessment of its Medium-Term Financial Plan which has been formally reported to Cabinet in November 2020 as well as being scrutinised by O&S Resources and this has been the baseline for developing budget proposals for both 21/22 and 22/23.</p> <p>The work on the underlying base budget is ongoing with DMT challenge processes which have taken place over January to test all assumptions, pressures and deliverability of savings using the mid year update of the MTFP.</p> <p>Further to this Star Chambers have and are taking place on both a service and issues basis to ensure completeness and robustness of estimates.</p> <p>The overall approach to balancing the medium-term budget is through the implementation of the Delivery Plan which has been approved by Cabinet alongside the refresh of the Medium-</p>	February 2021 and ongoing	Interim Chief Finance Officer	<p><u>March 2021</u> The comprehensive mid-year assessment of the Medium-Term Financial Plan was formally reported to Cabinet in November 2020 and scrutinised by O&S Resources. This provided the baseline for developing the final budget proposals for both 2021/22 and 2022/23</p> <p>Following the mid-year assessment, DMT budget challenge sessions were held through to December 2020 in addition to the Star Chamber meetings held throughout the year. This provided assurance on the robustness of the budget baseline.</p> <p>The outcome of this comprehensive process and the Local Government Financial Settlement in December 2020 was a Financial Plan 2021 – 2025</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
		<p>Term Financial Plan in November 2020. The Delivery Plan is leading the budget strategy and strategic resource allocation over the period of the Medium-Term Financial Plan.</p> <p>Proposals will be put forward to balance the budget for 2021/22 and an indicative position presented to balance 2022/23 based around the Outline Business Cases work underpinning the Delivery Plan.</p> <p>It should be recognised that medium and long-term financial planning is extremely difficult in the context of the 1-year finance settlement from Government, the uncertainty of the pandemic and Brexit's impact on Birmingham.</p> <p>To reflect this, the Council increased its General Fund Reserve to 4.5% of its net budget and will not need to draw on these reserves to balance the budget. Further to this, the Finance Resilience Reserve remains intact at £84.9m (as at 31 March 2020). Additionally, £60m has been identified from other reserves that is available to be used to invest to ensure that the Final Business Cases which will be complete by 31 March 2020 in the</p>			<p>agreed by the City Council on 23 February 2021.</p> <p>The financial plan set out a balanced budget for 2021/22, balanced with no use of reserves to achieve this and which included a contribution to the Financial Resilience Reserve increasing its balance to £114.5m to improve the Council's financial resilience.</p> <p>The budget outlook for 2022/23 has an expectation that the Delivery Plan process will produce £38.5m of proposals.</p> <p>In the context of only a single year financial settlement from the Government, the Financial Plan does indicate a funding gap in 2023/24 of £76m rising to £80m by 2024/25.</p> <p>June 2021 The Council's financial outturn for 2020/21 which is being reported to Cabinet in June, will show the Council weathered 2020/21 well and has further strengthened its</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
		<p>Delivery Plan are fully funded. The Final Business Cases are required to balance the budget in 2022/23.</p> <p>To date the Covid tranche 4 grant from 2020/21 and the recently announced Covid tranche 5 grant for 2021/22 have been set aside in a specific Covid Reserve to mitigate cost pressures and financial risks relevant to Covid. They provide a significant level of additional financial resilience.</p>			<p>financial resilience and provided further budget flexibility.</p> <p>Enhanced Delivery Plan business cases are expected in late June which are intended to address the proposals needed for 2022/23.</p> <p>There remains a structural deficit, forecast to be £80m by 2024/25 that will need addressing and uncertainty around future government funding.</p> <p>A refresh of the Medium Term Financial Plan will be undertaken in the summer as part of the rolling budget process.</p> <p><u>September 2021</u> The Quarter 1 finance report for 2021/22 showed a forecast overspend of £27m. The July MTFP update illustrated further pressures on the Council's budget over the medium term and a potential increased gap between spend and resources.</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
					<p>The Corporate Leadership Team are collectively working on bringing the 2021/22 budget back into balance and undertaking a programme of work on budget options for future years.</p> <p>A Quarter 2 finance report and a further update on MTFP forecasts will be presented to Cabinet in October.</p>
20/02	Independent Review of the Council's Waste Service				
	Residual Risk	Low			
	Impact	Low			
	<p>The Non-Executive Adviser for Waste Management and Industrial Relations stated in July 2020 "The Council has not yet concluded its review of waste collection services and the independent review is long overdue."</p> <p>Although progress has been made by the Council during 2019/20, there still some significant decisions which still need to be made in the near future about the provision of the waste service.</p>	<p>There has been significant progress following Wood's initial review of the service. Performance has improved and there is a good working relationship with the Trade Unions.</p> <p>There are regular meetings chaired by the Cabinet Member to discuss the future of the service.</p> <p>Modelling work has taken place but we are waiting to see what the implications of the Government's review are, especially on food waste, before we can finalise recommendations for the City</p>	September 2021	Director of Neighbourhoods (Acting)	<p>March 2021 Work continues to improve performance.</p> <p>Phase 2 modelling is restricted until the Government release their view on food waste, anticipated Summer 2021. The introduction of food waste has a critical effect on future collection models.</p> <p>June 2021 Consultation on the Government's Waste to</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	<p>Recommendation</p> <p>We recommend that the Council continues to work closely with Wood to ensure that Phase 2 of the independent review is completed as soon as is practically possible and ensures that it can maintain effective and consistent relations with its trade union partners regardless of any future changes to the waste service delivery model.</p>	<p>Regular meetings will be held with the Cabinet Member to discuss progress and the future of the service.</p> <p>Progress on phase 2 of the report has been more difficult as it links to the Government's plans to standardise items collected across England.</p> <p>Finalise the final delivery model taking onboard any changes in requirements.</p>			<p>Resources paper has restarted. This is looking at consistency of collections and different recycling options such as glass and food. The outcome of the consultation and subsequent legislation will inform future collection programmes. We are proposing to use this data to inform future collection models</p> <p><u>September 2021</u></p> <p>The Environment Bill is still working its way through the consultation process and is due to report back in the Autumn. We are waiting for this important update to inform any future collection models. We are in regular contact with Wood and models can be developed as soon as the future collection programmes are made clear.</p>

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
20/03	Long term Highways PFI Solution				
	Residual Risk	Medium			
	Impact	Medium			
	<p>The scale of the affordability gap in the long term PFI arrangements may lead to delays in agreeing revised arrangements between the Council and BHL, and therefore may lead to delays in BHL securing a new, permanent subcontractor.</p> <p>There is a risk that the current arrangements are not delivering the best possible value for money, and that these arrangements may need extending beyond the term of the current agreement.</p> <p>Recommendation The Council should work towards completing negotiations with BHL as a matter of priority, in order to ensure that a new, permanent solution can be put in place as soon as reasonably possible to achieve best value for money.</p>	<p>The Council is fully cognisant of this risk and already places a high priority on putting in a place a long-term replacement subcontract that will deliver the best outcomes for the city within the available resources.</p> <p>Solutions will continue to be explored that provide the opportunity to ensure the best possible value in delivering these services in the long term.</p> <p>Structural changes as well as financing options are subject to extensive assessment between BCC and BHL supported by the DfT expert, consultants and lawyers. These negotiations are progressing positively.</p>	Ongoing	Assistant Director – Highways & Infrastructure	<p>March 2021 The Council continues to work towards a value for money long-term solution.</p> <p>The Council has reviewed the position on the optimum approach to delivering investment with the available funding in conjunction with BHL. This remains subject to reaching commercial agreement on the way forward, the parameters for which were reported to Cabinet on 16 March 2021. Any agreement reached will need to be reported to a later Cabinet.</p> <p>An assurance process is in place for the provision of services in the interim to seek to ensure that they deliver the best value for money in the present circumstances.</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
					<p><u>June 2021</u></p> <p>The Council's business case was submitted to Department for Transport (DfT) on 1 March 2021 based on optimising the approach to delivering investment in the network. A response from DfT is awaited.</p> <p>Negotiation on the long-term approach with other stakeholders continues within commercial parameters approved by Cabinet on 16 March 2021. On 8 June 2021 Cabinet approved the first stage in enabling these negotiations to be completed, extending the Restructuring Period to 3 December 2021.</p> <p><u>September 2021</u></p> <p>The response from DfT indicated that the Council's business case would not be supported and that a revised case endorsed by all stakeholders would to be submitted in incremental stages.</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
					The first of which; a Strategic Outline Business Case was submitted on 9 August and a response from DfT is expected on 21 September.
20/04	Interim Highways PFI subcontracting arrangements				
	Residual Risk	Medium			
	Impact	Medium			
	<p>The interim subcontract was completed on a 'cost reimbursable' basis, meaning that the subcontractor takes little risk in relation to the contract, and the risk sits with BHL. Subject to BHL agreeing its forecast cashflow and payments with the Council, the Council has agreed to ensure that BHL remains solvent by paying its reasonable operational costs during the interim period.</p> <p>Recommendation We recommend that the Council ensures proactive monitoring and management of the contract between BHL and Kier is taking place, in order to mitigate the financial risk to the Council created by their agreement to ensure that BHL remains solvent by paying its</p>	<p>This recommendation is accepted and acknowledged. A 'cost reimbursable' basis was not the Council's preferred option but has ensured continuity of service and a smooth transition from the previous subcontractor. These were critical elements in enabling this service to move forward.</p> <p>The Council is in the process of putting in place arrangements to support the management of the subcontract through this interim period to provide a satisfactory level of assurance</p>	Ongoing	Assistant Director – Highways & Infrastructure	<p>March 2021 As stated in the response in 20/03 above, the parameters to reach commercial agreement on the way forward, were reported to Cabinet on 16 March 2021 and an assurance process is in place for the provision of services in the interim. The Council continues to work to improve this as part of day to day management of the service.</p> <p>This matter has also been covered by the Council's Internal Audit Team and management are taking forward the measures discussed accordingly.</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	reasonable operational costs during the interim period.				<p><u>June 2021</u> The position continues to be as reported in March 2021, except that the additional resource to support assurance is in place from 15 June. There will be a necessary period of developing new staff into their roles, but the additional capacity will enable closer management of the assurance process by the Council, which is in addition to the monitoring and management undertaken by BHL.</p> <p><u>September 2021</u> Induction of Council staff continues, and there has been an increase in proactive monitoring to provide greater assurance.</p>

Appendix 1

Rec No	Recommendation		Proposed Actions	Due Date	Responsible Officer	Progress in implementation
20/05	Partner funding for the Commonwealth Games					
	Residual Risk	Low				
	Impact	Medium				
	<p>Substantial work has been undertaken by the Council to secure the required partner contributions of £75.0m, with £50.0m secured to date.</p> <p>The Council is continuing to work with various potential games partners to ensure that the remaining £25.0m of required partner contributions is secured, but this is not currently in place.</p> <p>Recommendation</p> <p>The Council should take further action to address the current shortfall of £25.0m in partner funding due to fund the capital expenditure budget in the second half of 2021/22 and 2022/23, if it is going to fully mitigate the financial impact of the Games.</p>		<p>The Council is continuing to work to secure further contributions, whether from existing planned Partners or other funding bodies.</p> <p>Engagement is being undertaken with Government and other Games partners to agree optimal and deliverable funding solutions.</p> <p>£19m of secured contributions now received by the Council.</p> <p>Discussion paper presented to CWG Programme Board on 14 January to agree approach to ensure that the remaining £25m of funding is secured.</p>	Ongoing	Commonwealth Games Programme Director	<p>March 2021</p> <p>GBS LEP Contribution of £20m now received in full, in advance of deadline of 31 March 2021 for this funding source. It is intended that this will be supplemented by drawdowns of other Partner contributions to match levels of eligible actual expenditure incurred by 31 March 2021.</p> <p>The remaining substantial risk relating to the current shortfall of £25m is explicitly referenced in the Financial Plan 2021-24 (approved at the Council Meeting on 23 February 2021).</p> <p>June 2021</p> <p>Despite extensive dialogue with potential funding partners, it is considered increasingly unlikely that it will be possible to secure any further contributions in time for the Games, and therefore whilst</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
					<p>any opportunities to secure external funding will continue to be sought, it is being recommended that the current identified funding shortfall is resolved by a drawdown of resources from the budgeted capital contingency, which includes allowance for this cost.</p> <p>Whilst potentially this may result in the Council making an additional budgeted contribution to the cost of the Games, the economic stimulus to the city should also be considered including the regeneration to Perry Barr that is directly linked to being awarded the Games.</p> <p><u>September 2021</u> The proposed funding solution previously identified was approved by Cabinet on 27 July 2021.</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
20/06	Pensions Data Provided to the Actuary				
	Residual Risk	Low/Complete			
	Impact	Low/Complete			
	<p>During our work to assess the accuracy and completeness of the information provided to the actuary, we identified that the data initially submitted for April 2019 did not agree to payroll records.</p> <p>There is a risk that providing incorrect information to the actuary will impact on the actuarial valuation provided for the financial statements, and lead to a misstatement of the Council's liabilities.</p> <p>Recommendation</p> <p>This was later corrected by the Council in a subsequent data submission to the actuary. We recommend that management put controls in place to ensure that data issues such as this are picked up prior to submission in future.</p>	<p>The reports used to provide the information are currently being reviewed to ensure that the relevant information is available in the correct format.</p> <p>Management review will be undertaken to ensure that the information provided is accurate.</p>	22 February 2021	Pensions Manager and Finance Manager – Financial Accounting	<p>March 2021 Completed. This issue has been resolved for the 2020/21 IAS19 return. The Pensions Manager has checked the calculations on the Pensionable Pay and Contributions and signed to say that the information is accurate. This information was then used by the Finance Manager - Financial Accounts Team for the 2020/21 IAS19 return to the West Midlands Pension Fund.</p> <p>June 2021 This action is complete.</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
20/07	Incorrect Capitalisation of revenue expenditure funded by capital under statute (REFCUS)				
	Residual Risk	Low			
	Impact	Low			
	<p>Our testing of items within Property, Plant and Equipment during 2019/20 identified items of REFCUS spend that had been incorrectly included in Assets Under Construction in the draft financial statements.</p> <p>While we have gained assurance that this does not represent a material risk to the financial statements in for 2019/20, incorrect treatment of the Council's spend will have a knock-on impact on budget monitoring activity if it is inaccurate.</p> <p>Recommendation</p> <p>Management should ensure that processes are in place to differentiate between spend that can be capitalised and spend that is being treated as REFCUS.</p>	<p>The recommendation is accepted and acknowledged.</p> <p>Feedback will be provided to the team and relevant managers in the areas where the issues have occurred and reminders given on the requirement to differentiate between spend that can be capitalised and spend that is treated as REFCUS.</p> <p>For the 2020/21 financial statements, meetings have been scheduled to understand the impact of the recommendation and determine actions to review the activity within the current year.</p> <p>For 2021/22 financial year an internal monitoring framework will be established to assist in sample checking. It will be the responsibility of the Finance Manager to implement procedure with regular monthly sample checking throughout the financial year.</p> <p>Proposed timeframe as follows;</p>	May 2021	Finance Manager - Capital	<p><u>March 2021</u></p> <p>The Capital Team has been briefed on REFCUS items and sample checking will take place in March and April for the 2020/21 closedown.</p> <p><u>June 2021</u></p> <p>Sample testing of items held in Assets Under Construction (AUC) and REFCUS has taken place during and post closedown 2020/21. Working papers have been produced and evidence gathered for those items classed as AUC ensuring that no REFCUS has been classified as AUC.</p> <p>For the 2021/22 financial year ongoing sample testing will take place to ensure continued compliance.</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
		<p><u>February 2021</u> Team briefing on the need to ensure clear differentiation between spend that can be capitalised and spend that is treated as REFCUS.</p> <p><u>March 2021</u> Establish an internal monitoring framework to sample check items settled to Assets Under Construction (AUC) and REFCUS.</p> <p><u>May 2021</u> Implement internal monitoring framework and commence sample checking of items settled to AUC and REFCUS on a monthly basis.</p>			<p>This process will be embedded as business as usual for future financial years.</p> <p><u>September 2021</u> As per the June 2021 update and sample testing and routine settlement continues on a periodic basis.</p>
20/08	Incorrect capitalisation of revenue spend by schools				
	Residual Risk	Low			
	Impact	Low			
	Our testing of items within Property, Plant and Equipment during 2019/20 identified items of revenue spend that had been incorrectly capitalised by schools in the draft financial statements.	<p>The recommendation is accepted and acknowledged.</p> <p>Feedback will be provided to the team and relevant managers in the areas where the issues have occurred.</p>	31 March 2021	Finance Manager - Capital	<p><u>March 2021</u> Schools capitalisation will be reviewed on a sample basis to check for incorrect items being capitalised.</p>

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	<p>While we have gained assurance that this does not represent a material risk to the financial statements in for 2019/20, incorrect treatment of the Council's spend will have a knock-on impact on budget monitoring activity if it is inaccurate.</p> <p>Recommendation</p> <p>Management should ensure that processes are in place to ensure that the capital spend submitted by schools is reviewed for accuracy before it is incorporated into the Council's financial records.</p>	<p>A review of the current process for monitoring school capitalisation will be undertaken.</p> <p>Proposed timeframe as follows;</p> <p><u>January 2021</u> Establish a meeting with finance team to discuss the background to the issues which have occurred.</p> <p>Meetings scheduled and preparation for the closedown of the 2020/21 accounts has started</p> <p>Review of current processes for monitoring school capitalisation.</p> <p><u>March 2021</u> Feedback and training to service colleagues ahead of the closure of accounts for 2020/21.</p>			<p><u>June 2021</u> In the lead up to and during closedown 2020/21 the schools' capitalisation process has been reviewed and sample testing was undertaken to ensure that no revenue items were capitalised.</p> <p>During 2021/22 there will be ongoing reviews of the schools' capitalisation process with recommendations for a consistent process and detailed workbooks being submitted by all schools.</p> <p>This process will be embedded as business as usual for future financial years.</p> <p><u>September 2021</u> As per the June 2021 update. Requests for detailed workbooks are ongoing and continues to be embedded as business as usual.</p>

Rec No	Recommendation		Proposed Actions	Due Date	Responsible Officer	Progress in implementation
20/09	Assets valued at below £50,000					
	Residual Risk	Low				
	Impact	Low				
	<p>The Council's policy for the revaluation of Property, Plant and Equipment states that all assets valued at less than £50,000 will be included in the financial statements at £nil value.</p> <p>There is a risk that in aggregate, these assets could be significantly understating the Council's Balance Sheet.</p> <p>Recommendation</p> <p>Management should keep a high-level record of assets where this de minimis has been applied so that an assessment can be made as to whether there is a risk of material misstatement in the PPE balance in future years.</p>		<p>The number of items that are classed as de minimis because they are valued at less than £50,000 results in a maximum risk to the Council that is significantly below materiality.</p> <p>For valuations carried out in 2020/21 and future years, information will be maintained for assets valued below the de minimis value of £50,000, identifying the value that has been calculated for the particular assets in question.</p> <p>Valuers will maintain a record of actual values for all assets and those below the de minimis value will be recorded to identify any potential risk to the carrying value of non-current assets on the Council's Balance Sheet.</p>	30 April 2021	Assistant Director of Property	<p><u>March 2021</u></p> <p>Valuations are produced for each asset and a record kept of the value even if this is de minimis.</p> <p>The valuation figure is also reported as part of the valuation process so it may be included on the Council's Balance Sheet if necessary.</p> <p><u>June 2021</u></p> <p>Valuations continue to be produced for each asset, with records kept, including de minimis value</p> <p><u>September 2021</u></p> <p>Under the new contract arrangements, providers will be asked to provide formal valuations for de minimum assets and provide a copy for the Councils records</p>

Appendix 1

Rec No	Recommendation		Proposed Actions	Due Date	Responsible Officer	Progress in implementation
20/10	Intra-group consolidation adjustments					
	Residual Risk	Low/Complete				
	Impact	Low/Complete				
	<p>After preparation of the financial statements, the finance team identified that they had treated VAT amounts incorrectly within the intra-group adjustments in the consolidation process. This led to material misstatement of the group financial statements.</p> <p>Recommendation</p> <p>Management should ensure that sufficient time is built into the closedown processes to enable a robust management and quality review to be completed prior to the financial statements being submitted for audit.</p>		<p>A peer review process will be enhanced to ensure that VAT is understood and excluded from the intercompany elimination process. Written procedures and checklist will be completed to aid review.</p> <p>Preparation for closedown has started and this will form part of the procedures.</p>	28 February 2021	Finance Manager – Financial Accounts	<p>March 2021 Procedures are in progress to ensure the reviewer knows what to look for in terms of VAT and other matters pertaining to Group.</p> <p>June 2021 The 2020/21 financial statements are being prepared. A full peer review of the working papers will be carried on the Group Accounts once these are complete.</p> <p>September 2021 The Group working papers have been fully reviewed by peers and no issues were found.</p>
20/11	Open purchase orders in the general ledger					
	Residual Risk	Low				
	Impact	Low				
	During our work on the completeness of the Council's expenditure in the 2019/20 year,		A review is being undertaken of open purchases orders so that those that are no longer required can be closed. This	Continuous	Interim Chief Finance Officer	March 2021 The level of open purchase orders is regularly monitored

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	<p>we have identified that there are a significant number of open purchase orders in the general ledger that relate to previous years. Some of these date back to prior to the implementation of the current ledger system.</p> <p>The volume of open orders on the system means that management cannot glean any useful information from this data for their monitoring purposes.</p> <p>Recommendation</p> <p>We recommend that management look to reduce the number of historic purchase orders still open in the general ledger system, in order to make this a useful report for their consideration of the completeness of expenditure within the financial year.</p>	<p>will greatly aid the migration of appropriate activity to Oracle Fusion when it is implemented.</p> <p>Progress will be monitored through the 1B programme.</p> <p>Unfortunately, the closure of open purchase orders can be time consuming as it requires closed codes or vendors to be reopened where necessary to then close the purchase order.</p> <p>Reports have been run to review the level of open purchase orders so that progress can be monitored during the year.</p> <p>Progress will be monitored during the year to ensure that final migration to Oracle will be as efficient as possible.</p>			<p>and work is regularly undertaken to clear these. The work to close old open purchase orders can be time consuming.</p> <p>Many POs up to and including March 2018 have now been blocked.</p> <p>Data cleansing work stops whilst the year end accounts work is undertaken by Finance staff to avoid disrupting any processes</p> <p>Work will continue early in the new financial year to data cleanse POs dated April 2018 onwards with a view to completing the task prior to the introduction of Oracle.</p> <p><u>June 2021</u></p> <p>The next phase of open PO data cleansing has commenced for POs dated from April 2018 to March 2020.</p> <p>Whilst many open POs can be closed, some cannot for SAP technical reasons. As these</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
					<p>are identified, they are listed and will not be migrated to Oracle.</p> <p><u>September 2021</u> The actions outlined in the March and June updates above continue with good progress being made with data cleansing.</p> <p>Practice data migration runs from SAP into Oracle have acted as a proof of concept for the exclusion list.</p>
20/12	Capital Commitments				
	Residual Risk	Low			
	Impact	Low			
	<p>Through performance of our testing, we have noted that the Council's capital commitments note has been prepared based on business cases and on estimated spend to date.</p> <p>While we are satisfied that this does not give rise to a risk of material error in the disclosure note, this disclosure should be prepared based on contracted amounts and actual expenditure against these at the end of the</p>	<p>The recommendation is accepted and acknowledged.</p> <p>The commitments working papers will be reviewed more stringently as part of the 2020/21 closure of accounts.</p> <p>Feedback will be provided to the team and relevant managers in the areas where the issues have occurred.</p> <p>Proposed timeframe as follows;</p> <p><u>January 2021</u></p>	30 April 2021	Finance Manager – Capital	<p><u>March 2021</u> Team members have been briefed on the requirements of the Capital commitments note, utilising contracted amounts and actual expenditure and work has started in March to prepare for this note.</p> <p>The workings to the final note will be reviewed in April and May prior to finalising the Statement of Accounts.</p>

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	<p>year.</p> <p>Recommendation</p> <p>We recommend that in future years management take care to use the correct source information for this disclosure.</p>	<p>Meeting to be arranged as part of preparation for 2020/21 closedown</p> <p><u>February 2021</u> A review of the working papers will be undertaken within the finance team.</p> <p>Correct source information and working papers will be identified to assist in the calculation of contracted commitments.</p> <p><u>March – April 2021</u> Stringent reconciliation of the relevant closedown working papers and the source information will be incorporated as part of the closedown process for 2020/21.</p> <p><u>Ongoing</u> The above practice will be imbedded as ‘business as usual’ for future years.</p>			<p><u>June 2021</u> During 2020/21 closedown the capital commitments working papers have been produced based on the actual amount of outstanding commitments rather than being based on budgets, forecasts and business cases. This has also been based on accounting for costs incurred as at 31/3/2021. Documentation has been provided as supporting evidence.</p> <p>This process will be embedded for business as usual for future years.</p> <p><u>September 2021</u> As per the June 2021 update. The process has now been embedded as business as usual, contracts reviewed and working papers updated to reflect the revised and more stringent processes.</p>

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
20/13	Heritage Asset Valuations				
	Residual Risk	Low/Complete			
	Impact	Low/Complete			
	<p>The Council's Thinktank heritage asset has not been formally valued for a number of years; the figure used in the 2019/20 financial statements is based upon information compiled by the Council's insurance team. There is a risk that this valuation is not reflective of the asset's actual value. This asset is above our clearly trivial threshold but does not exceed our performance materiality.</p> <p>Recommendation</p> <p>We recommend that management consider commissioning an external valuation of this asset.</p>	<p>The Council's approach to valuation of heritage assets complies with the Code for production of financial statements.</p> <p>Paragraph 4.10.2.9 of the Code of Practice on Local Authority Accounting (the Code) states, respect of Heritage Assets "Valuations may be made by any method that is appropriate and relevant. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. However, where heritage assets are measured at valuation, the carrying amount shall be reviewed with sufficient frequency to ensure the valuations remain current"</p> <p>The Council will continue to keep its insurance coverage under review.</p> <p>Heritage assets contained within Thinktank have not been formally valued, as consistent with the remainder of the Council's Museum and Library collections. As identified</p>	31 March 2021	Head of City Finance – Financial Accounts	<p><u>March 2021</u></p> <p>The Council's approach to valuation of heritage assets complies with the Code for production of financial statements.</p> <p>The Council will continue to keep its insurance coverage under review.</p> <p>The current arrangements, outlined above, are Code compliant, therefore, this will be the approach taken for the foreseeable future. Should there be a change in process, an amended response will be provided.</p> <p><u>June 2021</u></p> <p>Unless the requirements in the Code change, this action is considered complete.</p>

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
		<p>within the accounting policies Heritage assets are carried at insurance value as it is not practicable to obtain formal valuations at a cost that is commensurate with the benefits to users of the financial statements. Once a formal valuation is undertaken, the Council would be required to undertake further valuations to ensure that the carrying value remains current.</p> <p>Whilst a formal valuation of the Heritage asset collection is impracticable, given the scale and complexity, the insurance valuations used within the statement of accounts are regularly considered to ensure that insurance coverage remains relevant to the needs of the Council.</p>			
19/04	Under accrual of expenditure				
	Residual Risk	Low			
	Impact	Low			
	Our testing of the completeness of expenditure in 2018/19 identified several items which were paid after 31 March 2019 but should have been accrued into the 2018/19 financial year. The Council performed extended analysis covering payments made during the period to 22 August	Regular reports are run on the level of procurement activity to identify those areas where there are delays in the payment of invoices or where procurement activities are not in line with Council processes. These reports are shared with Directorates so that appropriate action can be taken.	Continuous	Interim Chief Finance Officer	March 2021 Guidance/instruction relating to processes for the 2020/21 year end has been circulated to CLT and Directorate budget holders via Directorate Finance teams.

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	<p>2019 which identified £9.6m of invoices (inclusive of associated VAT) which relate to 2018/19 but were not accrued.</p> <p>In previous years, similar issues around the completeness of expenditure had been noted.</p> <p>Recommendation The Council should investigate why these invoices were not appropriately accrued and implement additional controls to reduce the risk of such omissions in the future.</p> <p>Update 2019/20 As part of the Council's closedown process, in advance of preparing the outturn report and the financial statements, a review of outstanding purchase orders and invoice clearance was undertaken to ensure appropriate entry into the accounts. Major payments made in April and May 2020 were reviewed to check the financial year in which the expenditure should be recorded and whether accruals had been made.</p>	<p>The outcomes from the Audit Findings Report and its recommendations have been shared with the Council Leadership Team to highlight the issue.</p> <p>Finance Business Partners will also brief Directorate Management Teams on the issues identified and the action required and procedures to be followed to meet appropriate accounting requirements.</p> <p>The Voyager Newsletter sent out to staff will include articles on the issues identified and the actions that will be required to ensure future compliance.</p> <p>Reports on procurement activity will be run regularly at the year end to try and capture activity within the appropriate financial year.</p> <p>The preparation for the closure of the 2020/21 accounts has started and reports are being run on procurement activity to identify issues and problem areas so that action can be taken at an early stage.</p>			<p>Accrual process training has been provided to finance staff and school business support staff.</p> <p>Delayed payment reports are run on a regular basis. This information is disseminated to Directorate Finance Teams, who have been requested to discuss at budget holder meetings.</p> <p>June 2021 Directorate Finance teams worked with budget holders to identify accruals during the closing of the 2020/21 accounts process.</p> <p>Outstanding purchase orders at the yearend were reviewed to ensure an appropriate entry into the accounts.</p> <p>Cut over testing has been undertaken, reviewing significant payments in April and May to check accruals have been made where required.</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	As part of our testing in the 2019/20 year, we again identified transactions that had not been recorded in the correct year, and additional testing has had to be performed. We will continue to follow up on this recommendation in future years.				<u>September 2021</u> The 2020/21 external audit is in progress. Accrual samples have been selected and work is ongoing, providing supporting information to our external auditors.
19/03	Errors noted in property valuations				
	Residual Risk	Low			
	Impact	Low			
	<p>We identified errors in the work of the valuer relating to the valuation of secondary schools, and a valuation where expenditure was used instead of profit as the basis of the valuation.</p> <p>Recommendation Appropriate review should be included as part of the valuation process to ensure that any errors in valuation are identified and resolved.</p> <p>Update 2019/20 A two-tier checking system has been put in place with a peer review by an appropriately</p>	Whilst the review in 2019/20 concentrated on the appropriateness of the valuations carried out, this will now be extended to include the administration of the transfer of information from valuation to database.	Immediate	Head of Property Valuation and Sales	<p><u>March 2021</u> Appropriate checks have now been put in place to avoid any further errors.</p> <p>All internal valuations are checked and signed off by a senior officer.</p> <p>A second independent review will take place which will cross reference the valuation information from the data base with the valuation certificate.</p> <p><u>June 2021</u> 2020/21 valuations are split between internal and external valuers with all valuations</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	<p>qualified surveyor followed by a management review by the Head of Service. An independent professional review of all cyclical valuations undertaken by in-house valuers has been carried out by Avison Young's valuation team who specialise in valuations of this nature.</p> <p>Our audit work in 2019/20 has again identified issues in relation to the valuations performed for the purposes of the financial statements. We will continue to follow up on this recommendation in future years, as the steps that the Council has taken to address this risk have not been completely effective.</p>				<p>checked by Property Services contract managers.</p> <p><u>September 2021</u> The procedures already in place will be reviewed and enhanced to reduce the risk of administration errors</p>
19/02	Disposals omitted from the prior year				
	Residual Risk	Low			
	Impact	Low			
	<p>An asset with a net book value of £9.4m was disposed of in 2017/18 but this was not accounted for until 2018/19.</p> <p>We were satisfied that this was an isolated incident due to the</p>	<p>Property Services will ensure that clear instructions are sent to Legal & Democratic Services, Property Records Team and relevant stake holders to facilitate the disposal of assets in an appropriate manner.</p>	Immediate	Assistant Director, Property Services	<p><u>March 2021</u> Assets sold in year are reported via a completion memo.</p> <p>All disposals continue to be monitored on a monthly basis</p>

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	<p>unusual nature of the arrangement, and there was no material risk to the 2018/19 accounts.</p> <p>Recommendation The Council should ensure there are appropriate controls in place to ensure all disposals are accounted for in the correct year.</p> <p>Update 2019/20 The Council informed us that the Legal, Finance and Property teams have met, with a view to tightening procedures and the sharing of information. Processes have been implemented to ensure that completion memos are recorded on IPMS and subsequently reconciled with cash receipts, with any differences highlighted at the earliest opportunity.</p> <p>Where external legal support is used the agreement will include the requirement to provide a completion memo for ensuring property records are maintained appropriately. All transactions are monitored on a monthly basis by</p>	<p>Legal, Property and Finance staff will meet to share information on property transactions and ensure that processes are in place to capture relevant information and are being followed.</p> <p>Reconciliations will be undertaken during the year of disposals to identify any mismatches in information.</p> <p>The error identified in 2019/20 was an isolated incidence and resulted from human error. Further checking will be put in place to ensure movements are reconciled.</p>			<p>at the capital receipts meeting and appropriate memos issued.</p> <p><u>June 2021</u> Assets sold in year are reported via a completion memo to Legal & Democratic Services, Property Records Team, Financial Services and relevant stake holders.</p> <p><u>September 2021</u> Staff have been reminded to ensure memos are completed as soon as a transaction is completed to ensure it is reported in the appropriate financial year.</p>

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	<p>Property Services Officers at each Capital Receipts meeting.</p> <p>Our testing of disposals recorded in the 2019/20 financial statements has again identified an asset that should have been derecognised in the previous financial year. At the time of writing this report, further testing is in progress to assess the potential impact of this on the financial statements.</p> <p>We will continue to follow up on this recommendation in future years, as the steps that the Council has taken to address this risk have not been completely effective.</p>				
19/06	Multiple Accounts assigned to a single user				
	Residual Risk	Low/Complete			
	Impact	Low/Complete			
	<p>We identified a high number of users with multiple accounts within SAP. Whilst some of these are required for FireFighterID purposes, it appears that some are unnecessary.</p> <p>Recommendation</p>	<p>The Firefighter role is required to ensure the integrity of SAP</p> <p>SAP BSC will carry out a monthly check to ensure that all Firefighters are valid.</p>	Continuous	Finance Manager – SAP BSC	<p>March 2021</p> <p>Monthly checks to validate the assignment of Firefighter access are ongoing and remedial action taken where a change to access is identified. In addition, a system audit log which identifies when a user</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	<p>Management should consider which users need multiple accounts within SAP and remove access to those where this function where is it not required.</p> <p>Update 2019/20 The Council's view is that the level of access identified in the recommendation is required to ensure that system functionality can be maintained. Regular reviews of access are undertaken and the new Governance, Risk and Compliance tool is being used to support the monitoring of access.</p>	<p>Access for Firefighters will be revoked where they are no longer required.</p> <p>Birmingham audit has been asked to undertake a review and report on the matter and identify if any additional checks are required.</p>			<p>logs onto the system using a Firefighter ID is reviewed on a regular basis.</p> <p><u>June 2021</u> Birmingham Audit have undertaken a review and the report is being considered by SAP-BSC management. If any further actions are required, this will be reported in September's update.</p> <p><u>September 2021</u> The review undertaken by Birmingham Audit has been considered by management who have accepted their recommendations.</p> <p>The actions outlined in the March update above continue and are embedded into business as usual. The Council considers these reviews adequate and therefore the action is ongoing and considered complete.</p>

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
18/03	General IT controls				
	Residual Risk	Low/Complete			
	Impact	Low/Complete			
	<p>As part of our review of IT controls, we identified an excessive number of users with inappropriate access to high risk T-codes within SAP. Our IT audit identified 109 users with potentially inappropriate access out of 668 users tested due their higher risk nature.</p> <p>The risk is that an excessive number of users have access to critical transactions at high level of authorisation, which we would normally expect to be restricted to system administrators. We noted this is primarily due to the current Firefighter setup and the fact that 8 users have SAP ALL access.</p> <p>Recommendation Management should review all access and reassign the relevant transactions in accordance with business need and current job duties only.</p> <p>Update 2019/20</p>	<p>The majority of the transactions listed here will be assigned to BASIS only (the team who deal with the core of the system – these transactions are appropriate for this team to use) and most within their firefighter id. The rest have been reviewed after previous audits and deemed appropriate All users with access to any of these transactions will either be support personnel, or in the case of SM37, users within the business. (SM37 monitors jobs run in the background in SAP. Due to the size and complexity of BCC's ledger, it's recommended that large reports are run in the background to reduce stresses on BAU processing).</p> <p><u>Response from BCC</u> User access to critical transactions is reviewed regularly with access to areas such as SAP_ALL reviewed daily. Appropriate action is taken to remove or amend as required.</p> <p>Birmingham audit has been asked to undertake a review and report on the matter and identify if any additional checks are required.</p>	Immediate	Finance Manager -SAP BSC	<p>March 2021 SAP is interrogated daily to check for SAP_ALL access and action is taken to remove or amend as required.</p> <p>Periodic checks are made to validate the critical transaction list held in SAP.</p> <p>June 2021 The actions outlined in the March update above continue and are embedded into business as usual. The Council considers these reviews adequate and therefore the action is ongoing and considered complete.</p>

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	The Council's view is that the level of access identified in the recommendation is required to ensure that system functionality can be maintained. Regular reviews of access are undertaken and the new Governance, Risk and Compliance tool is being used to support the monitoring of access.				

Birmingham City Council Audit Progress Report

Year ending 31 March 2021

September 2021



Contents



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Section

1. Progress at September 2021
2. Financial statements
3. Value for money arrangements
4. Audit deliverables

Appendices

- Audit letter in respect of delayed VFM work

Page

- 3
- 4
- 10
- 13

- 15

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Progress at September 2021

Financial Statements Audit

We undertook our initial planning for the 2020/21 audit in February and March 2021, and in March we issued a detailed Audit Plan, setting out our proposed approach to the audit of the Council and group's 2020/21 financial statements.

We began our work on elements of your draft financial statements in late June, prior to their publication. Our audit then commenced fully after the financial statements were published on 1 July 2021, and has been completed remotely.

Our materiality levels remain the same as reported in our Audit Plan. Since the issue of the Plan, we have identified additional significant risks of material misstatement of the financial statements. Further information on these changes is included on the next page of this report.

We will report the full detail of our work, and our findings, in our Audit Findings Report to the October Audit Committee. We aim to give our opinion on the financial statements by 31 October 2021.

For Local Government audits, Regulation 10 of the Accounts and Audit Regulations 2015, as amended by The Accounts and Audit (Amendment) Regulations 2021 requires that a Category 1 authority should publish its approved statement of accounts, including publication on its website, by 30 September. Where the audit of the financial statements has not been completed by this date the authority should, as soon as reasonably practicable on or after this date publish on its website a notice stating that it has not been able to publish the statement of accounts and the reasons for this. We are in the process of agreeing appropriate wording for this notice with management.

As highlighted in our Audit Plan, the impact of the pandemic has meant that both your finance team and our audit team faced audit challenges again this year, including remote access of financial systems, and verifying the completeness and accuracy of information produced and provided remotely by the Council.

The finance team have been extremely helpful in enabling us to gain the assurance that we require for our auditor's opinion on the financial statements.

See section 2 of this report for detail of our audit progress and findings to date.

Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September 2021 or, where this is not possible, issue an audit letter setting out the reasons for delay.

We will not be in a position to issue our Auditor's Annual Report by 30 September 2021, and so we have included such a letter in an Appendix to this report.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline is no more than three months after the date of the opinion on the financial statements.

Management have fully engaged with the new approach, and have been proactive in providing the information and evidence that we require in a timely and structured manner.

We aim to present our Auditor's Annual Report to the November Audit Committee, following the conclusion of our work.

See section 3 of this report for detail of work completed to date and our key findings.

2. Financial Statements

Significant risks not communicated in the Audit Plan

Risks identified subsequent to our Plan	Commentary
<p>Presumed risk of fraud in revenue recognition ISA (UK) 240</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>At the time of our audit planning, having considered the risk factors set out in ISA 240 and the nature of the revenue streams of Birmingham City Council, we determined that it was likely that the presumed risk of material misstatement due to the improper recognition of revenue could be rebutted.</p> <p>The COVID-19 pandemic had a significant impact on the Council's financial performance, and although we remain satisfied that it is appropriate to rebut this presumed risk for the revenue of the Council during the year, we do not deem it appropriate to rebut this presumed risk for manually accrued income at the end of the financial year.</p> <p>We have identified the completeness of accrued income transactions, and the completeness of the related debtor balances, as a significant risk. As a result of this, we extended our samples for the testing of transactions and receipts after the end of the financial year to reflect the heightened risk in this area.</p> <p>During the audit it was identified that the Council had recognised both income and expenditure in relation to COVID-19 related grants which management now believe should have been excluded from the financial statements. For more detail on this, see page 9.</p> <p>Our audit work is ongoing at the time of drafting this report, but work to date has not identified any other issues in respect of the Council's revenue recognition.</p>
<p>Risk of fraud in to expenditure recognition PAF Practice Note 10</p> <p>In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p>As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition.</p>	<p>Having considered the nature of the expenditure streams of Birmingham City Council, we did not consider this to be a significant risk for the Council at the time of our planning, however on the same basis as that set out above for revenue, we have identified the occurrence and accuracy of accrued expenditure transactions, and the existence and accuracy of the related creditor balances, as a significant risk.</p> <p>We attempted to extend our samples for the testing of year-end manual creditor balances to reflect the heightened risk in this area. We were unable to reliably separate manually accrued expenditure from other creditor balances, and so we extended our sample testing across all accrued expenditure.</p> <p>The adjustment relating to COVID-19 related grants referred to above will also lead to a reduction in the Council's expenditure in-year.</p> <p>At the time of writing this update we have not identified any issues or errors relating to non-occurrence of expenditure, but our testing of a sample of payments made after the end of the financial year has identified one item of spend that related to the 2020/21 year but had not been accrued. This testing is ongoing. The error identified is clearly trivial on its own, but we will consider the potential wider impact if this error were representative of the wider population once this work is complete.</p> <p>Our audit work is ongoing at the time of drafting this report, but work to date has not identified any other issues in respect of the Council's expenditure recognition.</p>

2. Financial Statements

Progress against significant risks identified

Risks identified in our Audit Plan

Commentary

Management override of controls

(ISA 240)

Under ISA (UK) 240 there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.

The Council faces external scrutiny of their spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, and in particular journals, management estimates, and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have:

- evaluated the design effectiveness of management controls over journals;
- analysed the journals recorded during the year and the accounts production stage, determined criteria for selecting high risk unusual journals, and identified unusual journals for testing to supporting documentation;
- gained an understanding of the accounting estimates and critical judgements made by management and considered their reasonableness with regard to corroborative evidence; and
- confirmed that there have been no changes in the Council's accounting policies.

We will:

- test journals identified as unusual for appropriateness and corroboration;
- consider what additional testing is necessary as a result of the findings of our IT Audit team (see page 9 of this report for detail of these findings) and complete appropriate risk-based work; and
- continue to evaluate the rationale for any changes in estimates or significant unusual transactions.

We have not identified any instances of management override of controls at the time of drafting this report, but our work in this area remains ongoing, and the risk of management override is considered across all areas of our audit.

2. Financial Statements

Progress against significant risks identified

Risks identified in our Audit Plan

Commentary

Valuation of land and buildings

The Council revalues its land and buildings on a rolling, five-yearly basis.

This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.

Management will need to ensure that the carrying value in the Council's (and group's) financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date.

We therefore identified valuation of land and buildings, specifically council dwellings, other land and buildings and surplus assets, as a significant risk of material misstatement, and a key audit matter.

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met; and
- engaged our own valuer to assess the instructions issued by the Council to their valuer, the scope of the Council's valuers' work, the Council's valuers' reports and the assumptions that underpin the valuations.

We will:

- challenge the information and assumptions used by the valuer to assess the completeness and consistency with our understanding;
- test revaluations made during the year to see if they had been input correctly into the Council's asset register; and
- evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different from current value at year end.

We have identified a formula error in the calculations supporting the Property, Plant and Equipment disclosure note, meaning that elements of the additions and reclassifications amounts are misstated. This error is £13.9m, but is limited to the detail of the note with no impact on the balance sheet, and no impact on any of the totals within the disclosure note.

In recent years management have amended the annual valuation process, moving the valuation date closer to the year end in order to improve the accuracy of the year-end financial position. As a result of this, the 192 assets revalued this year as part of the rolling programme were last valued at 1 April 2015 (as part of the 2015/16 financial year). This means that the Council has not complied with the Code, which requires that assets are valued within a 5-year period. This is only a compliance point, and has no impact on the asset valuations incorporated into the 2020/21 financial statements.

The Council's property portfolio is large and complex, and a significant level of work is required to gain assurance over the reasonableness of the valuations included in the balance sheet. This work is ongoing at the time of drafting this update, and management and the Council's valuer are engaging well with the audit process.

2. Financial Statements

Progress against significant risks identified

Risks identified in our Audit Plan

Commentary

Valuation of the pension fund net liability

The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.

We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Authority's pension fund net liability as a significant risk.

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- evaluated the instructions issued by management to their management experts (the actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation;
- assessed the accuracy and completeness of the information provided by the group to the actuary to estimate the liabilities; and
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the financial statements with the actuarial reports from the actuary.

We will:

- undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- obtain assurances from the auditor of the West Midlands Pension Fund (WMPF) as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the WMPF and the fund assets valuation in the WMPF financial statements.

Our work on the Council's pension fund net liability is ongoing at the time of writing this report. We have identified no issues from the work completed to date.

We have not yet received the requested assurances from the auditor of the West Midlands Pension Fund, although we are aware of a potential difference arising from their audit in relation to the valuation of the scheme's investment assets. The impact of this on the Council's net pensions liability is expected to be immaterial.

2. Financial Statements

Progress against significant risks identified

Risks identified in our Audit Plan

Commentary

Valuation and completeness of the equal pay liability

Under ISA 540 (Auditing Accounting Estimates, including Fair Value Accounting Estimates and Related Disclosures) the auditor is required to make a judgement as to whether any accounting estimate with a high degree of estimation uncertainty gives rise to a significant risk.

We identified the valuation and completeness of the equal pay provision as a risk requiring special audit consideration, and a key audit matter.

We have:

- updated our understanding of the processes and controls put in place by management to estimate the equal pay provision;
- reviewed the assumptions on which the estimate was based;
- assessed the accuracy and completeness of the information used as the basis of estimating the liability, and reperformed the calculation of the estimate, on a sample basis where appropriate;
- confirmed that the estimate has been determined and recognised in accordance with accounting standards;
- determined how management have assessed the estimation uncertainty; and
- considered events or conditions that could have changed the basis of estimation, and the potential impact of any transactions or events after 31 March.

During our work we have identified that the draft financial statements disclosed the net of the movement of the provision reversed unused of £16.2mm and the additional provision made of £17.7m, rather than identifying these movements separately. This has been amended and has no impact on the provision value as at 31 March 2021.

We have not identified any other issues at the time of writing this report.

2. Financial Statements

Other issues arising

Issue	Commentary
<p>IT control deficiencies</p> <p>To support the audit of the Council's financial statements for year ended 31 March 2021, Grant Thornton's IT Audit team has completed a design and implementation review of IT General Controls (ITGC) for applications identified as relevant to the financial audit.</p> <p>The findings from this work inform our risk assessment and planning procedures, and determine whether, and how much, reliance can be placed on the operation of the Council's systems for the purposes of our substantive testing.</p>	<p>This work was undertaken in June and July 2021. A number of deficiencies have been identified through this review, which have led to extended testing being undertaken as part of our substantive work. These findings are currently being discussed with management, and will be formally reported to the next meeting of the Audit Committee.</p>
<p>Recognition and Presentation of Grant Income</p> <p>The Council receives a number of grants and contributions and is required to follow the requirements set out in sections 2.3 and 2.6 of the Code.</p> <p>The main considerations are to determine whether the Council is acting as principal/ agent, and if there are any conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income.</p> <p>The Council also needs to assess whether grants are specific, and hence credited to service revenue accounts, or of a general or capital nature in which case they are credited to taxation and non-specific grant income.</p> <p>Due to the COVID-19 pandemic, there have been significant additional grants received and distributed by the Council during 2020/21.</p>	<p>During the audit it has been identified that in the draft financial statements the Council have recognised both income and expenditure in relation to COVID-19 related grants which management now believe should have been excluded from the financial statements.</p> <p>Work is ongoing to consider this adjustment, but management are proposing to remove £216.8m from both income and expenditure, on the basis that the Council was actually acting as agent in the arrangement, having no control over, or risk as a result of, the arrangements.</p>

3. Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria.
- Auditors undertaking sufficient analysis on the Council's VFM arrangements to arrive at far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the Council, but are not made as a result of identifying significant weaknesses in the Council's arrangements

3. Value for Money arrangements

We have not yet completed all of our VFM work and are not expecting to be in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix to this report. We are intending to issue our Auditor's Annual Report by 30 November 2021. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

At the time of writing this report, we have substantively completed our overall review of the Council's arrangements covering the NAO's specified reporting criteria of 'Improving Economy, Efficiency and Effectiveness', 'Financial Sustainability', and 'Governance'. We have requested further information or evidence to support the responses provided by the Council in a small number of areas.

As part of our work, we have considered whether there are any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. At the time of writing this report we have identified the risks set out in the table below. Two of these risks (relating to the Council's SEND service and our IT Audit) have been identified since the issue of our Audit Plan. Our work on these risks is underway and an update is set out below.

Risk of significant weakness	Work performed to date
<p>Financial impact of the Commonwealth Games</p> <p>In previous years we have identified that the cost of hosting the Commonwealth Games (the Games) could impact on the Council's future financial sustainability.</p> <p>Over the course of the 2019/20 financial year, substantial cost pressures arose that exceeded the level of contingency included within the Full Business Case for the Games, resulting in the requirement for a revised case to be reported to Cabinet only nine months later, in March 2020.</p> <p>Our VFM conclusion was qualified in this regard in 2019/20. Since then, COVID-19 has had a significant impact on the planning and preparation for the Games.</p>	<p>As part of our work in the 2019/20 year, we recommended that the Council take action to address the shortfall of £25m in partner funding for the capital expenditure budget in the second half of 2021/22 and 2022/23 in order to mitigate the financial impact of the Games.</p> <p>Partner contributions have not be forthcoming as originally expected, mainly due to the COVID-19 pandemic, the Council has made provision for this within the capital programme from capital contingency.</p> <p>We are also considering the latest governance arrangements for the delivery of the XXII Commonwealth Games, and will look to establish how the Council identified, managed and monitored this risk during the year, and how this has been formally reported within the Council's governance structure.</p>
<p>Contractual arrangements relating to the highways PFI scheme</p> <p>The Council and Birmingham Highways Ltd are currently in the process of procuring a long-term subcontractor for the Council's highways PFI scheme. During this process there is the potential for significant change to the agreement between the Council and BHL, and for the level of service delivered by the future contract to be reduced.</p> <p>Our VFM conclusion was qualified in this regard in 2019/20.</p>	<p>As part of our work in the 2019/20 year, we recommended that the Council work towards completing negotiations as a matter of priority, in order to ensure that a new, permanent solution can be put in place as soon as reasonably possible to achieve best value for money.</p> <p>We also recommended that the Council ensured that proactive monitoring and management of the contract between BHL and Kier is taking place, in order to mitigate the financial risk to the Council created by their agreement to ensure that BHL remains solvent by paying its reasonable operational costs during the interim period.</p> <p>Grant Thornton staff with specific PFI expertise have begun discussions with Council staff regarding the latest position, including discussions with the Department for Transport. For the purposes of this work we are focussing on arrangements in place during the 2020/21 financial year, although we are aware that there have been significant developments since the end of the financial year. We will consider these developments insofar as they provide evidence relating to the in-year arrangements.</p> <p>We are also considering the progress made in the process of retendering the contract, and will look to establish both how the Council identified, managed and monitored this risk during the year, and how this has been formally reported within the Council's governance structure.</p>

3. Value for Money arrangements

Risk of significant weakness

Waste service continuity and industrial relations

In previous years we have identified a VFM risk regarding the governance arrangements in relation to the waste dispute. This has also been the subject of previous Statutory Recommendations issued by Grant Thornton in July 2018 and March 2019.

The Council commissioned an independent review of the Waste Service in 2019, but this has not yet concluded. As part of our VFM work in 2019/20, we recommended that the Council continue to work closely with the independent reviewer, to ensure that phase 2 of the review was completed in a timely manner.

Work performed to date

As part of our work in the 2019/20 year, we recommended that the Council continued to work closely with Wood to ensure that Phase 2 of the independent review was completed as soon as practically possible, and ensured that it maintained effective and consistent relations with its trade union partners regardless of any future changes to the waste service delivery model.

We will review the governance arrangements in place for the Waste Service, and consider the progress made by the Council to review other options for the delivery of the refuse collection service. We are aware that the Council are waiting for the results of Government's Waste to Resources consultation before progressing the review further, and will consider this as part of our work.

Potential impact of a lack of stable leadership due to significant level of turnover of key staff and officers

In recent years the Council has been subject to a significant level of change in senior individuals and officers. Since 1 April 2019, the Council has had four Chief Executives, two Chief Financial Officers, and four Monitoring Officers, and for the 2020/21 financial year, both the Chief Executive and the Chief Financial Officer have been interim posts.

There is a risk that this level of change could weaken the Council's governance arrangements, as a result of a lack of leadership stability.

We have requested information and supporting evidence relating to the Council's arrangements for ensuring continuity in operations during and following changes in key staff and officers, as well as any relevant handover arrangements for specific changes in staff during the 2020/21 financial year.

This information has been provided. Through review of this information, and inquiry of relevant individuals, we will gain an understanding of the processes undertaken by the Council to ensure that any instability resulting from the changes in the leadership team during the financial year were minimised.

Governance arrangements in relation to required improvements in SEND services

In May 2021, Ofsted and the CQC revisited the local area of Birmingham to decide whether sufficient progress has been made in addressing the areas of significant weakness detailed in the written statement of action issued in September 2018.

The formal findings from this revisit identified that the area has not made sufficient progress in addressing 12 of the 13 significant weaknesses identified at the initial inspection.

We will gain an understanding of the governance arrangements that the Council put in place to ensure that the required improvements were being made, and how progress against the Written Statement of Actions was measured and monitored.

We will also look to establish both how the Council identified, managed and monitored this risk during the year, and how this has been formally reported within the Council's governance structure.

IT Audit findings and planned changes to the Council's general ledger

As discussed on page 9 of this report, our IT Audit team have identified a number of deficiencies through their review of the Council's ITGC's, which have led to extended testing being undertaken as part of our substantive work.

In addition, we are aware that there have been significant delays to the implementation programme for the Council's new general ledger system. Significant revisions to the planned delivery timelines and budgets were approved by Cabinet in March 2021.

Our IT Audit work has identified issues with user access permissions for a number of years, which the Council have not addressed.

Grant Thornton staff from our IT Audit specialist team have held discussions with Council staff regarding the latest position and progress made on the planned implementation of the new general ledger system.

These discussions have identified a number of recommendations, some of which should be actioned in September 2021 to ensure that further risks to the delivery of the planned 'go live' date of April 2022 are minimised. We will include more detail on these findings in our AAR.

4. Audit Deliverables

2020/21 Deliverables	Planned Date	Status
Audit Plan We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Authority's 2020/21 financial statements and the Auditor's Annual Report on the Authority's Value for Money arrangements.	March 2021	Complete
Interim Audit Findings We will report to you any findings arising from our audit and our value for money work within our Progress Reports.	July 2021 September 2021	Complete In this report
Audit Findings Report The Audit Findings Report will be reported to the October Audit Committee.	October 2021	Not yet due
Auditors Report This is the opinion on your financial statements.	October 2021	Not yet due
Auditor's Annual Report This Report communicates the key issues arising from our Value for Money work.	November 2021	Not yet due

Appendices

Audit letter in respect of delayed VFM work

Councillor Fred Grindrod,
Audit Committee Chair
Birmingham City Council
Woodcock Street
Birmingham
B7 4BL

Dear Cllr Grindrod, Chair of Audit Committee as TCWG,

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than 31 December 2021.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Jon Roberts
Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Transformation Programme Assurance

Audit Committee, 30th September 2021



The Transformation Plan & 'Investing in our Future'



Programme Structure

WORK IN PROGRESS



Role Abbreviations

SS: Strategic Sponsor
OS: Operational Sponsor
PD: Programme Director
PL: Portfolio Lead
PM: Project / Programme Manager

Programme Reporting



Monthly Reporting Cycle - Purpose

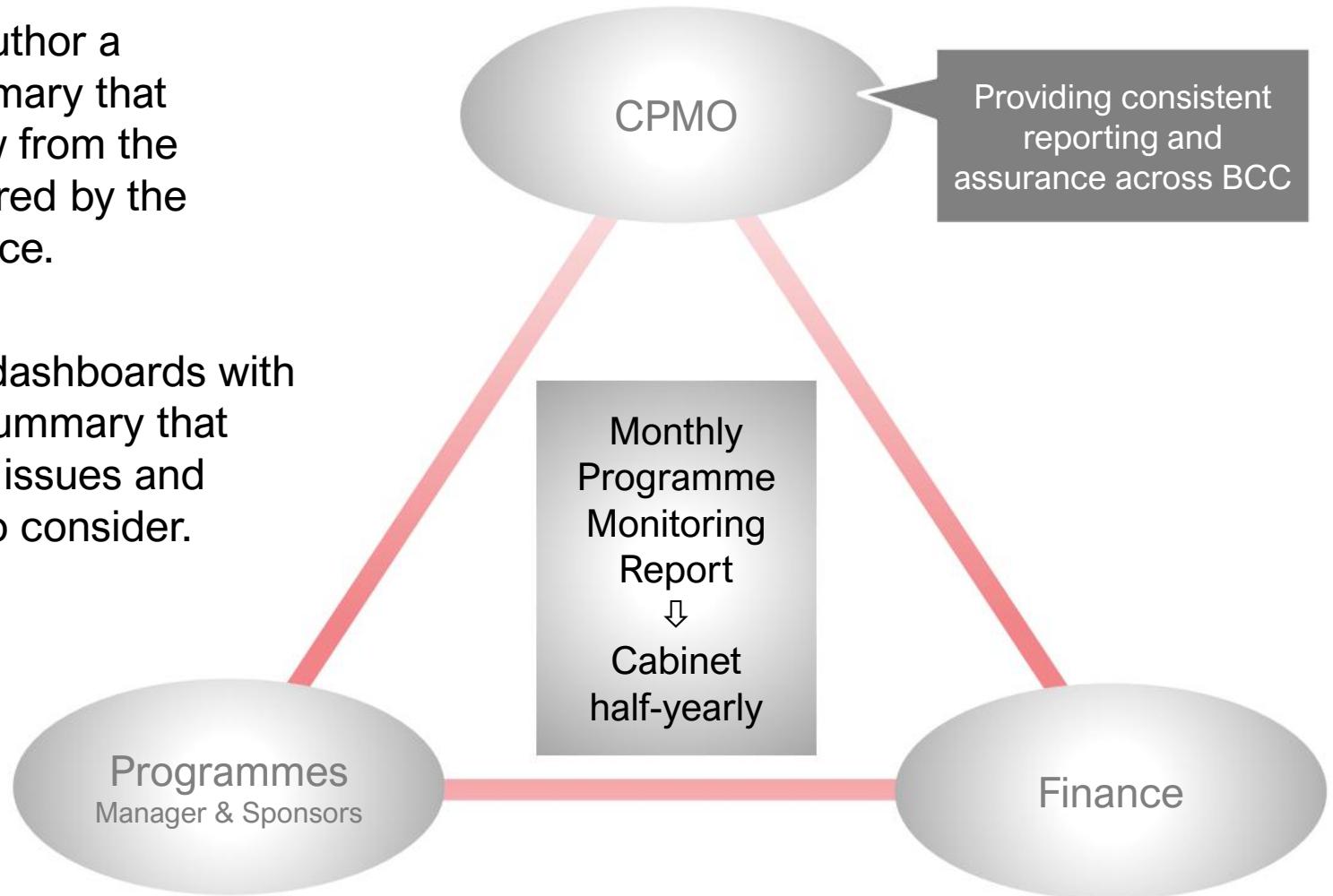
Provide the organisation with a digestible and actionable, exception focussed, overview of programme status (delivery & money) that is produced collaboratively and independently assured by the CPMO and Finance.

Timely
Risk-focussed
Succinct
Comprehensive
Exception based
Joined-up
Evidenced
No surprises
Proportionate

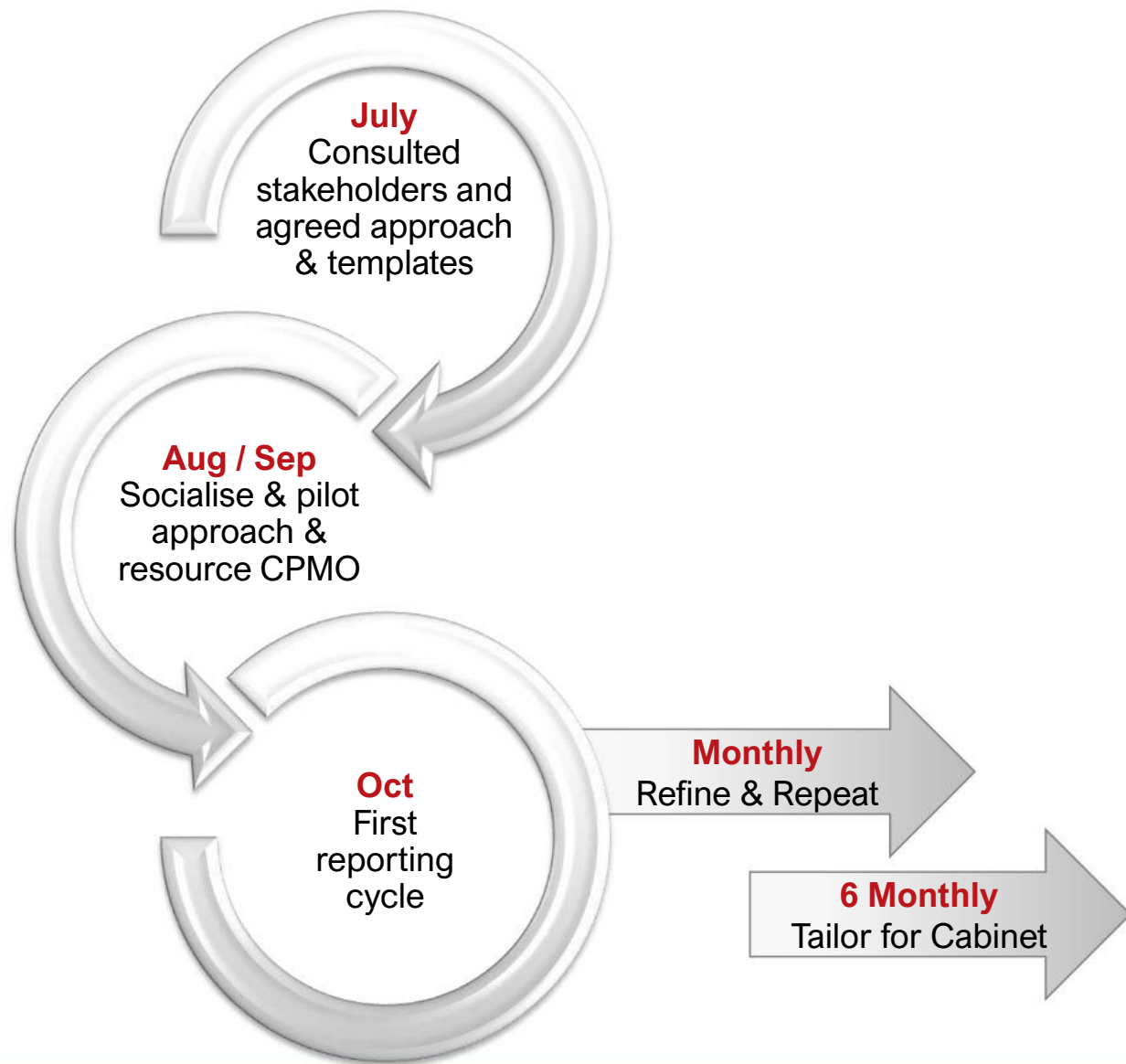
Reporting Principles

Collaboratively author a programme summary that presents the view from the programme assured by the CPMO and Finance.

Report includes dashboards with an overarching summary that identifies the key issues and actions for CLT to consider.



Reporting Development Timeline



XXX PROGRAMME NAME XXX - Programme Dashboard as at 26 Jul 21

Version: 26.07.21 16:16

Current Status

On track and on budget

Report Date	26 July 21
Last QLT report date	
IT Asset Manager	
Operational Sponsor	
Programme Manager	
Portfolio Lead	
CRM Manager	
Finance Rep	

CRM Summary

File Summary

Op Sponsor's Comments

Expenditure and Income

2020	2021/22	2022/23	2023/24	2024/25	2025/26	Total	% Total
Agreed MTB							
Revenue							
Costs							
Capital							
Total Revenue							
Net Spend (Revenue)							
Capital Spend (Revenue)							
Proposed Withdrawal							
PM's RAG							
Comment							

Revenue Comments

Costs

2020	2021/22			2022/23			2023/24			2024/25			2025/26			Total		
Budget	Actual	Var	Budget	Actual	Var	Budget	Actual	Var	Budget	Actual	Var	Budget	Actual	Var	Budget	Actual	Var	
Revenue																		
Costs																		
CRM																		
Comments																		

Total Original Budget

Revenue

Capital

Summary Plan

Plan is agreed as at XXX DATE XXX QLT

Main activities since last update

#	Action	Impact	Status
1			Complete
2			On Track
3			At Risk
4			Overdue
5			

Planned activities for next period

#	Planned Action	Expected Impact	Status
1			Complete
2			On Track
3			At Risk
4			Overdue
5			

CRM QA assessment

Assessment Criteria	PM's RAG		Narrative - referencing evidence where possible	PM's RAG	
	Last Month	This Month			

Main activities since last update

#	Action	Impact	Status
1			Complete
2			On Track
3			At Risk
4			Overdue
5			

Planned activities for next period	
1	1. Review and update the project plan.
2	2. Conduct a risk assessment.
3	3. Develop a communication strategy.
4	4. Implement the project plan.
5	5. Monitor and control the project.
6	6. Close the project.

#	Planned Action	Expected Impact	Status
1			Complete
2			On Track
3			At Risk
4			Overdue
5			

CPMO Assessment

Assessment Criteria		PM RAG		Narrative - referencing evidence where possible	PMO RAG	
		Last Month	This Month		Last Month	This Month
Delivery & Change	Plan agreed and on track to deliver agreed outcomes & savings	Red	Yellow		Yellow	Red
	Appropriate resources in place	Yellow	Green		Red	Yellow
	Change impact understood, acceptable and sustainable					
	Staff and customer buy-in and resistance managed					
Risks, Issues & Dependencies	Risks well understood and actively managed					
	Issues well understood and actively managed			Page 77 of 94		
	Dependencies well understood and actively managed					

Report Date	26 July 21
Last CLT report date	
Strategic Sponsor	
Operational Sponsor	
Programme Manager	
Portfolio Lead	
CPMO Rep	
Finance Rep	

CPMOs Summary	This Month	Last Month

PMs Summary

Op Sponsor's Comments

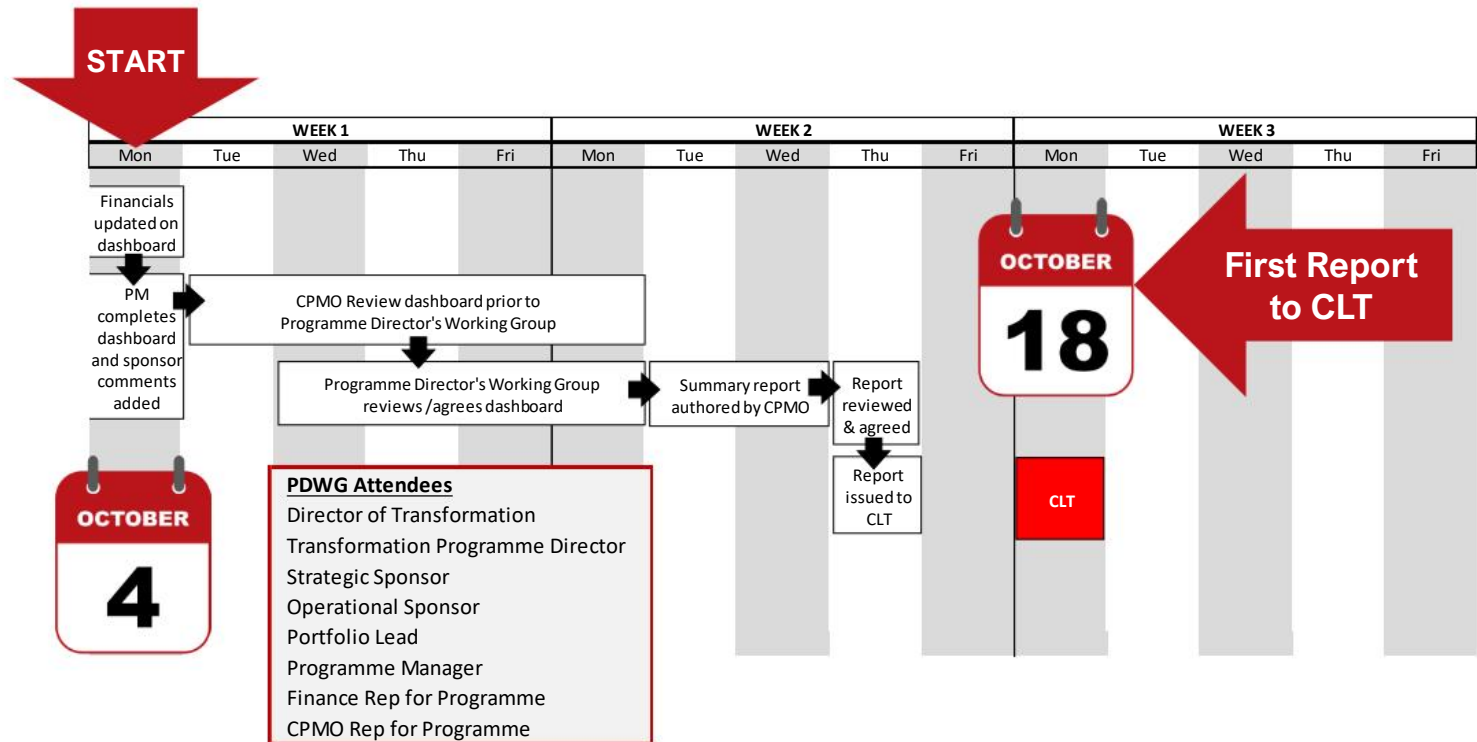
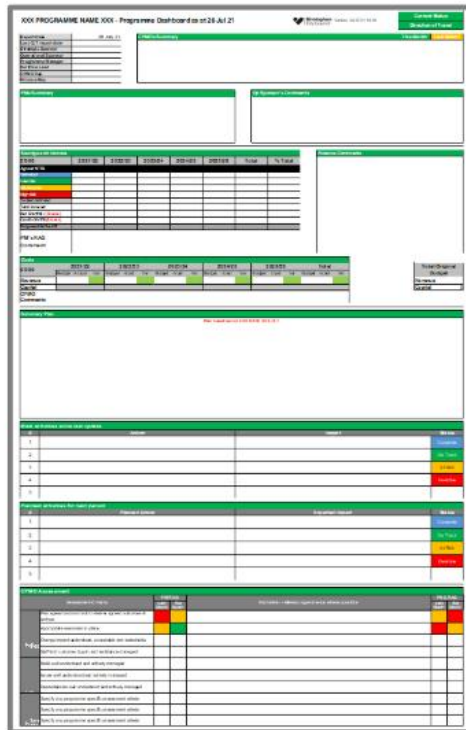
Savings and Income							
£'000	2021/22	2022/23	2023/24	2024/25	2025/26	Total	% Total
Agreed MTFS							
Delivered							
Low risk							
Medium risk							
High risk							
To Be Confirmed							
Total Forecast							
Net Shortfall / (Excess)							
Cumltv Shrtfll/(Excess)							
Proposed Write-Off							
PM's RAG Comment							

Finance Comments

Costs																		
£'000	2021/22			2022/23			2023/24			2024/25			2025/26			Total		
	Budget	Actual	Var	Budget	4cast	Var	Budget	4cast	Var	Budget	4cast	Var	Budget	4cast	Var	Budget	4cast	Var
Revenue																		
Capital																		
CPMO Comments																		

Total Original Budget
Revenue
Capital

Programme Monitoring Cycle

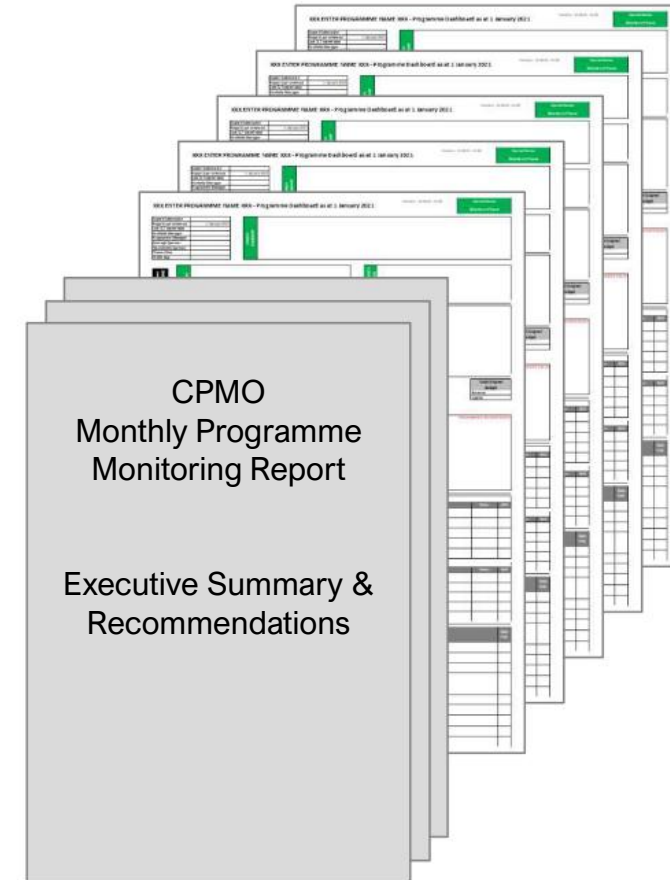


Programme Report

Dashboards are collated and appended to a report that summarises the exceptions, risks and issues and proposes recommended actions to agree.

The report includes a summary of RAG status over the life of the programmes:

Programme	Frequency	S	O	N	J	Feb	Mar	Apr	May	Jun	Jul
Portfolio 1											
Programme 1	Monthly	↓			↑		↓		↓		
Programme 2	Monthly				↓						
Programme 3	Monthly			↑	↑			↓			
Portfolio 2											
Programme 5	6-monthly										
Programme 6	Bi-Monthly			↓							
Programme 7	Monthly										

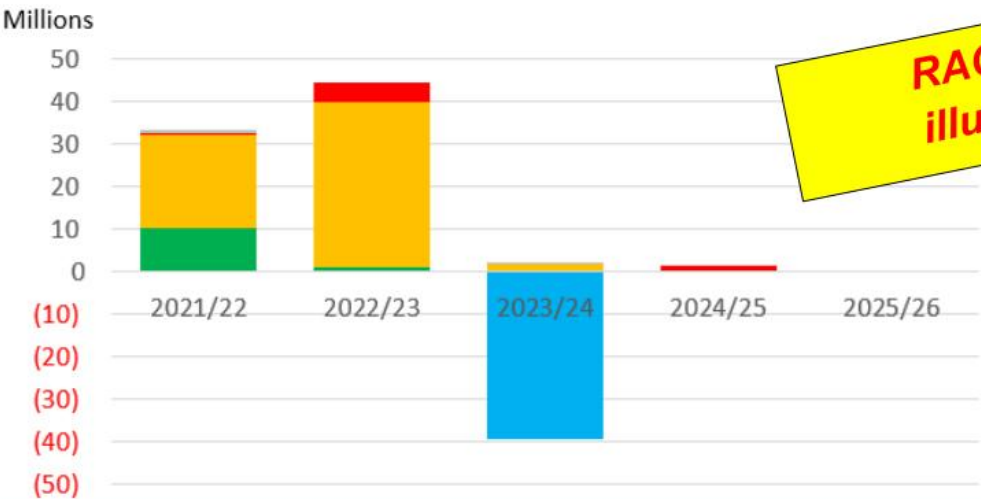
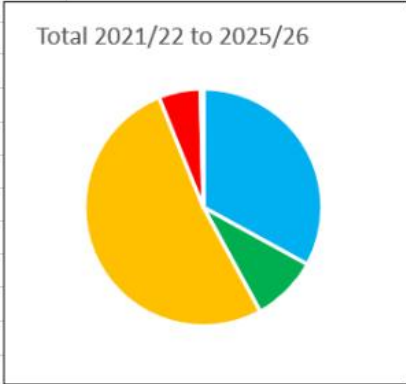


The report will also present a summary of the savings tracker and the cost tracker...

Savings Tracker

The report will also present a summary of the savings tracker
This will RAG score all savings targets in the MTFS...

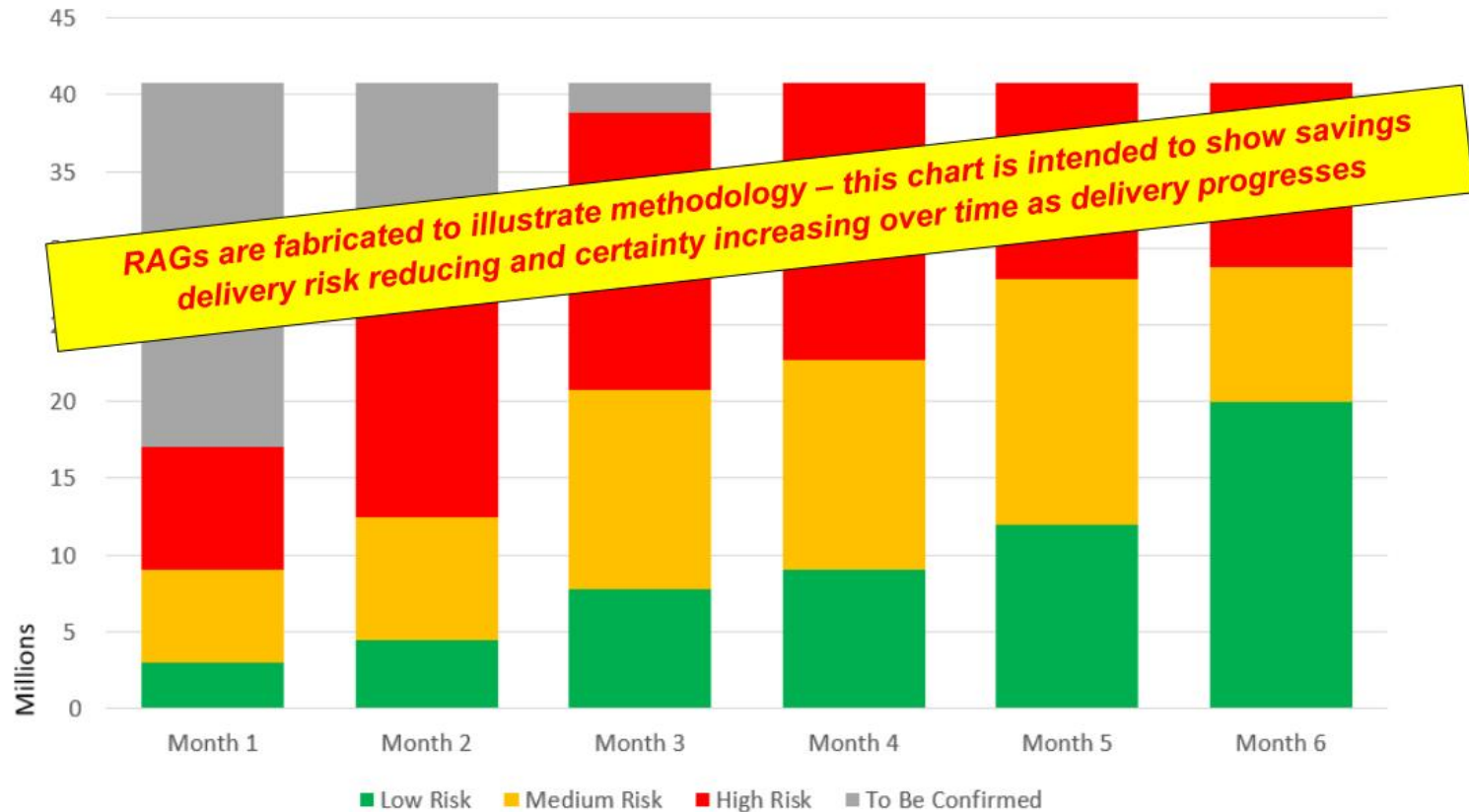
£'000	2021/22	2022/23	2023/24	2024/25	2025/26	Total	% of Target
Agreed MTFS	33,051	44,223	(37,847)	1,295		40,722	
Delivered			(39,500)			(39,500)	(97.0%)
Low Risk	9,978	863				10,841	26.6%
Medium Risk	21,805	38,636	1,588	54		62,083	152.5%
High Risk	729	4,798	54	1,241		6,822	16.8%
To Be Confirmed	539	(74)	11			476	1.2%
Total Forecast	33,051	44,223	(37,847)	1,295		40,722	100.0%



RAGs are fabricated to illustrate methodology

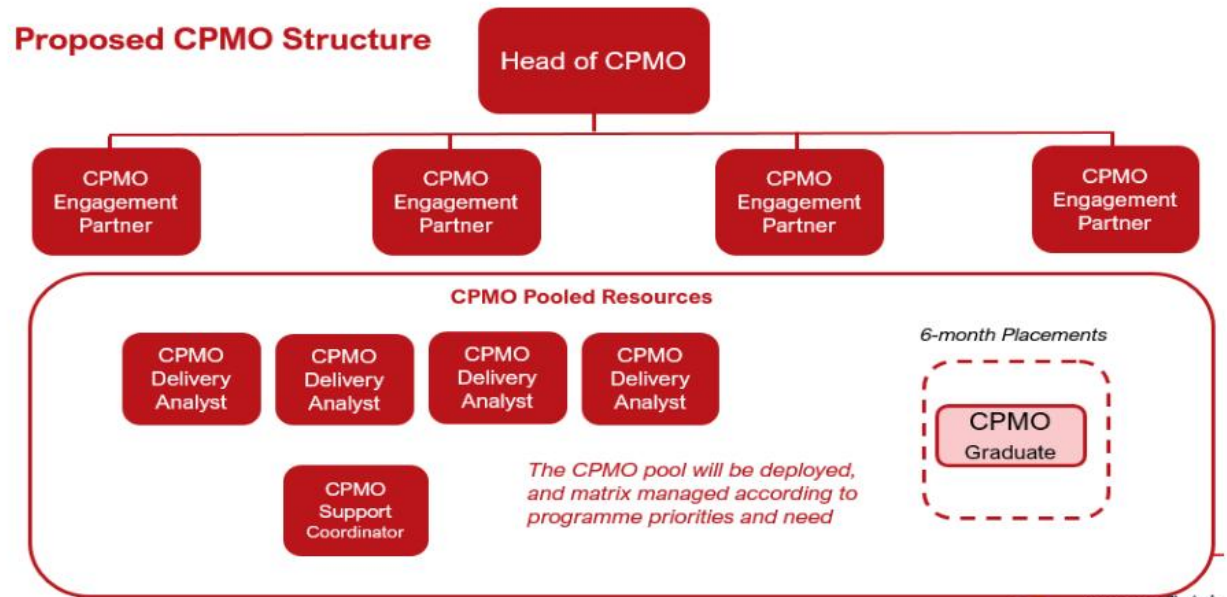
Savings Tracker

...and a summary showing how the risk/certainty of savings has changed over time...



CPMO Resourcing

- Work is in progress to fill the approved CPMO structure
- JDs are being agreed and evaluated
- Initial recruitment is focussed on creating immediate interim capacity to support the programme monitoring mechanism
- Permanent recruitment will follow
- We are creating a right-sized, fit for purpose and sustainable CPMO function



Next Steps

- First programme monitoring report mid-October ...then refine and repeat monthly
- Evolve and clarify overall programme scope & structure, including savings / income
- Complete recruitment of CPMO resources
- Establish the permanent, sustainable assurance mechanism

...and ensure the programme is delivered to agreed timescales / budgets delivering improved citizen outcomes



Public Report
Birmingham City Council
Report to Audit Committee
30 September 2021



Subject: Equal Pay Update, August 2021

Report of: The Director of Council Management (s151 Officer) and the City Solicitor and Monitoring Officer (Acting)

Relevant Cabinet Member: N/A

Relevant O &S Chair(s): N/A

Report author: Suzanne Dodd, City Solicitor and Monitoring Officer (Acting)

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential:		
N/A		

1 Executive Summary

- 1.1 The purpose of this report is to update the Committee on the settlement scheme that has been agreed with the joint trade unions for the purpose of settling their members' potential third generation equal pay claims.

2 Recommendations

- 2.1 That the Committee note the contents of the report.

3 Background

- 3.1 After the Birmingham Contract was introduced on 1 November 2011, a number of no-win, no-fee law firms brought equal pay claims relating to the terms of employment that had been introduced on that date. Those claims are colloquially known as “third generation” claims.
- 3.2 In August 2017 and February 2018, Cabinet authorised settlement schemes to settle the third generation claims that had been, and were being, brought against the Council. Commercial reasons primarily lay behind the decisions to authorise these settlement schemes, rather than reasons relating to the Council’s prospects of successfully defending the claims.
- 3.3 On 3 December 2018 and 15 December 2020, Cabinet authorised a settlement scheme with the joint trade unions to dispose of any outstanding potential equal pay liability for union members who have not issued a third generation claim but could potentially do so (currently estimated to be around 14,500 employees and former employees). This settlement scheme has been designed to achieve parity between employees who have brought and settled a third generation claim through a no-win, no-fee law firm and those who have not, and it forms part of the Council’s wider strategy to draw a line under its ongoing, protracted equal pay liability.
- 3.4 After lengthy negotiations, the terms of a memorandum of understanding (“MOU”) were agreed with the joint trade unions in May 2021. The Council is now in the process of putting the terms of that MOU into effect. Please note that the Council is contractually obliged to keep the terms of the MOU confidential, and this report does not, therefore, give the specifics of any of those terms.

Action Plan

- 3.5 The Council is to endeavour to make settlement offers to all eligible trade union members by mid-February 2022.
- 3.6 To meet this deadline, the Council will need to:
 - 3.6.1 Carry out a system update to its equal pay database to ensure all data is accurate and up to date (this work is ongoing);
 - 3.6.2 Log, evaluate and check the claims of the union members who have been included in the trade unions’ claimant lists (the majority of this work has been completed);
 - 3.6.3 Design an automated calculator to expedite the process of calculating offers (testing is currently being carried out);
 - 3.6.4 Once the automated calculator is ready to use, calculate individuals’ offers and prepare the offer documentation;
 - 3.6.5 Once the offers have been calculated, assess them in terms of whether the settlement payments will affect individuals’ past entitlement to Housing Benefit and/or Council Tax Benefit/Support (for any individual whose

entitlement is affected, their offer calculation will need to be adjusted to offset any resultant overpayment of benefits); and

3.6.6 Send out individuals' offer documentation starting with claimants in the lowest graded jobs.

3.7 Once the settlement offers have been sent to the claimants, the Council will hold signing days with the trade unions and ACAS, at which the claimants who wish to accept their offer will be asked to sign a COT3 agreement in order to make the settlement legally binding. The use of DocuSign and virtual signing days should help to expedite this part of the process.

3.8 Claimants also have the option of instructing a legal representative and using a settlement agreement to make the settlement legally binding. For those claimants, a signing day will not be necessary.

3.9 Once an agreement has been signed by both the claimant and the Council, the Council will be required to pay the agreed settlement sum to the claimant. The Council has experience of processing large volumes of settlements and will take advantage of using Winshuttle to make the process more efficient, as it allows for bulk uploads. However, there may be a small number of settlements via cheques. This would be a slightly longer process, as it requires ID verification and in-person cheque collections.

3.10 There is an agreed dispute resolution procedure for situations where a claimant or their trade union disagrees with the offer amount or disagrees with the Council's decision not to make an offer to an individual.

4 Options considered and Recommended Proposal

4.1 This report is for noting only.

5 Consultation

5.1 The Equal Pay Cabinet Committee is provided with updates as part of its quarterly meetings.

6 Risk Management

6.1 The settlement scheme endeavours to mitigate the risk of further third generation equal pay claims being brought against the Council.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.1.1 This report is for noting only.

7.2 Legal Implications

- 7.2.1 The power conferred by section 222 of the Local Government Act 1972, 'power of local authorities to prosecute or defend legal proceedings', enables the Council to seek to settle equal pay claims, including contemplated ones, in accordance with the Public Sector Equality Duty and equal pay provisions within Chapter 3 of the Equality Act 2010.

7.3 Financial Implications

- 7.3.1 The latest valuation of outstanding equal pay liability is £153.8m (March 2021 valuation) and provision has been made for this in the draft accounts for 2020/21 (audit in progress). This provision includes the liability associated with giving effect to the settlement scheme agreed with the joint trade unions for settlement of potential third generation equal pay claims. Cabinet approved expenditure in relation to the settlement of this liability in December 2020, as it represented value for money.
- 7.3.2 As at March 2021, the Council's total expenditure as a result of settling equal pay claims issued under the Equality Act 2010 and preceding Equal Pay Act 1970 was £1.1 billion. When the outstanding liability of £153.8m quoted above is considered, then total expected expenditure is estimated to rise to around £1.3 billion. The revenue implications of equal pay settlements have been reflected in both the budget and the Council's medium-term financial plans in relation to later years. This includes capital financing costs arising from previous years' capital expenditure, loss of income and other costs arising from asset sales and the repayment of any temporary borrowing from reserves.

7.4 Procurement Implications (if required)

- 7.4.1 It may be necessary to procure printing, copying and scanning services, given the large number of settlement packs that will need to be printed, and given the large number of COT3 and settlement agreements that will need to be copied and scanned.
- 7.4.2 It may also be necessary to procure digital technology to enable online ACAS signing days.

7.5 Human Resources Implications (if required)

- 7.5.1 HR colleagues have been sent a confidential briefing document, informing them of the terms of the MOU and advising them what to do should they receive a query in relation to this current settlement scheme from an employee.
- 7.5.2 The support of HR colleagues will very likely be needed during ACAS signing days. COT3 agreements have to be signed by a BCC official.

7.6 Public Sector Equality Duty

- 7.6.1 The settlement scheme endeavours to limit any adverse equality impact on staff at the Council, to further the Public Sector Equality Duty, and to ensure

compliance with the equal pay provisions within the Equality Act 2010 (Chapter 3).

8 Appendices

8.1 N/A

9 Background Documents

9.1 Reports to Cabinet dated August 2017, February 2018, December 2018 and December 2020

BIRMINGHAM CITY COUNCIL**AUDIT COMMITTEE****30 SEPTEMBER 2021****SCHEDULE OF OUTSTANDING MINUTES**

MINUTE NO./DATE	SUBJECT MATTER	COMMENTS
279 26/01/2021	<u>ASSURANCE SESSION – CABINET MEMEBR FOR CHILDREN'S WELLBEING PORTFOLIO</u> <u>Additional Recommendation:</u> iv) The Council's Transformation Programme to be shared at a future Committee.	Scheduled for 30 September 2021 meeting.
305 30/03/2021	<u>INFORMING THE AUDIT RISK ASSESSMENT - GROUP COMPANY GOVERNANCE</u> <u>Additional Recommendation:</u> ii) Noted for an information briefing to be arranged on the Group Company Governance. Information on the scale of the BCC subsidiaries and any guarantees given to be provided to Members.	Online briefing took place 27 th July at 1730 – 1900 hours in conjunction with the draft statement of accounts 2020/21 briefing. Completed & discharged
318 27/04/2021	<u>RISK MANAGEMENT UPDATE</u> <u>Additional Recommendations:</u> iii) A formal statement to be provided to the Audit Committee around the reason to the rating of the risks related to the Commonwealth Games. iv) The Chair of the Commonwealth Games (CWG) Audit Committee to be invited at a future meeting to discuss Birmingham City Council elements of the CWG.	Update provided at the 26 July 2021. The Chair of CWG Audit Committee attended the 26 July meeting. Completed & discharged

334 29/06/2021	<p><u>ASSURANCE SESSION – CABINET MEMBER STREET SCENE & PARKS PORTFOLIO</u></p> <p><u>Additional Recommendations:</u></p> <p>(ii) The Committee to receive a briefing note on the restructure of the Street Scene service area.</p> <p>(iii) The Committee to receive a formal response to the use of tips via Bromsgrove City Council as there was a lack of household recycling centres in the South of the City.</p>	Rob James – Director for City Operations to lead on responses.
335 29/06/2021	<p><u>BIRMINGHAM AUDIT ANNUAL REPORT 2020/21</u></p> <p><u>Additional Recommendation:</u></p> <p>iii) That the Committee agreed for an update on procurement contracts, process, controls and governance to be provided at a future committee.</p>	Scheduled for 29 November meeting.
338 29/06/2021	<p><u>DRAFT STATEMENT OF ACCOUNTS 2020/21 PROCESS & TIMINGS BRIEFING</u></p> <p><u>Additional Recommendation:</u></p> <p>(iii) A further briefing session to be arranged for members on the Draft Statement of Accounts 2020/21.</p>	<p>Online briefing took place 27th July at 1730 – 1900 hours in conjunction with the informing the audit risk – Group Company Governance briefing.</p> <p>Completed & discharged</p>
350 26/07/2021	<p><u>ASSURANCE SESSION – CABINET MEMBER EDUCATION, SKILLS & CULTURE PORTFOLIO</u></p> <p><u>Additional Recommendations:</u></p> <p>That the Audit Committee;</p> <p>(ii) Agreed for a written response outlining the number of children missing in education, children missing and the work around the safeguarding to be provided.</p> <p>(iii) Noted the Assistant Director – Legal Services & Deputy Monitoring Officer to review the contract for the interim Director for Education and Skills and provide this to Councillor Jenkins if appropriate.</p> <p>(iv) Agreed for a written response to be provided to Councillor Morrall around;</p> <ul style="list-style-type: none"> ➤ additional funding West Midlands Combined Authority 2021-22; 	Kevin Crompton – Interim Director for Education & Skills to lead on responses.

	<ul style="list-style-type: none"> ➤ costs associated with Acivico - replacing boilers in schools and maintaining buildings; ➤ who were the competitors as there was reduction in BAES fees and non-public programmes decreased income streams; ➤ IT Infrastructure – what was happening with Adult learning, laptops being provided; ➤ increasing home-schooling – figures pre-Covid and through Covid period; ➤ school exclusions – the demographics (i.e. gender, race etc) and what was happening to re-engage children as there was a lot of gang culture and CSE's when children drop out of schools. 	
351 26/07/2021	<p><u>OMBUDSMAN REPORT CONCERNING A COMPLAINT ABOUT HOME TO SCHOOL TRANSPORT DEPARTMENT</u></p> <p><u>Additional Recommendations:</u></p> <p>That the Audit Committee;</p> <p>ii) Agreed for the Interim Director for Education & Skills to provide a formal response to the Audit Committee on the following areas of the complaints;</p> <ol style="list-style-type: none"> 1) when was the department and the council advised of the complaints, 2) which officers considered whether the matter should be taken up by the council, 3) whether the Cabinet Member was advised of the action to be considered by the city council, 4) what was the decision and if there was a decision not to investigate, whether the Cabinet Member was/was not informed of that decision 5) concerns highlighted by the Ombudsman around the 'right to appeal', 6) The procedure that the service currently operated to be shared with members <p>iii) Agreed that once replies to the questions listed in part ii of this resolution were received, the Interim Chief Executive and Interim Director to provide a response to the process which would be in place to deal with the matters raised by the Committee.</p>	<p>Kevin Crompton – Interim Director for Education & Skills to lead on responses.</p>

