

<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Report of:</b>	<b>Director of Council Management (Interim)</b>
<b>Date of Decision:</b>	<b>30 September 2021</b>
<b>Subject:</b>	<b>AUDIT FINDINGS REPORT UPDATE</b>
<b>Wards affected: All</b>	
<b>1 Purpose</b>	
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.
<b>2 Decisions recommended:</b>	
	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.