

**AUDIT COMMITTEE MEETING  
WEDNESDAY, 29 JANUARY  
2025**

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON  
WEDNESDAY 29 JANUARY 2025 AT 1400 HOURS IN COMMITTEE  
ROOMS 3&4, COUNCIL HOUSE, VICTORIA SQUARE, BIRMINGHAM, B1  
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**PRESENT:** - Andrew Hardingham in the Chair

Councillors Liz Clements (online), Lee Marsham, Miranda Perks, Richard Parkin, Jamie Scott, Paul Tilsley and Clifton Welch

**ALSO PRESENT:-**

Councillor Karen McCarthy, Cabinet Member for Finance  
Marie Rosenthal, Monitoring Officer  
Martin Goudie, Assistant Director People Operations (online)  
Fiona Greenway, Director of Finance & Section 151 Officer  
Laurelin Griffiths, External Audit (online)  
Anthony Farmer, Head of Professional Standards  
Deborah Carter-Hughes, Assistant Director, Legal and Governance  
Robert Harris, Head of Service (online)  
Shilpa Manek, Committee Officer  
Craig Price, Principal Group Auditor  
Mohammed Sajid, Assistant Director Financial Strategy  
Mark Stocks, Key Partner, External Auditor - Grant Thornton  
Chris Tambini, Commissioner  
Errol Wilson, Committee Team Leader

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**NOTICE OF RECORDING/WEBCAST**

51. The Chair welcomed the attendees and advised, and the Committee noted, that this meeting will be webcast for live or subsequent broadcast via the Council's Public-I microsite ([please click this link](#)) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

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**APOLOGIES**

52. Apologies for absence were submitted on behalf of Councillors Lisa Trickett.

**DECLARATIONS OF INTERESTS**

53. The Chair reminded Members that they must declare all relevant pecuniary and other registerable interests arising from any business to be discussed at the meeting.

If a disclosable pecuniary interest is declared a Member must not participate in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If other registerable interests are declared a Member may speak on the matter only if members of the public are allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If it is a 'sensitive interest', Members do not have to disclose the nature of the interest, just that they have an interest.

Any declarations will be recorded in the minutes of the meeting.

Councillor Paul Tilsley stated that he had an interest as a beneficiary of the West Midlands Pension Plan and a standing declaration as a Non-Executive Director representing the city on Birmingham Airport, neither were mentioned on the meeting Agenda.

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**EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC**

The Chair stated that although there were items specifically on the Agenda with a private or exempt appendix for this meeting, there may be some issues that came out of the reports for this meeting that we may wish to consider under exempt part of the Agenda. The Committee agreed for the meeting to go into private session should there be any questions that required the Committee to go into private session.

54. **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.

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**MINUTES**

The following points were made:

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- A briefing note on School finances would be circulated to Members of the Committee.
- The Risk Management training course was awaiting approval.
- Point 3 on page 10 under Update on Statutory Recommendations from External Auditors, should read £250m instead of £25m.

### **55. RESOLVED: -**

That the Public part of the Minutes of the meeting held on the 10 December 2024, having been previously circulated, were confirmed and signed by the Chair, subject to the above points.

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## **MEMORANDUM OF UNDERSTANDING**

The Chair reported that the Centre for Governance and Scrutiny had reported to Cabinet in December 2023 and recommended that there should be a strengthening of the working relationship between the Chairs of Scrutiny Committees and the Chair of the Audit Committee to lead and direct the functions. The relationship between Audit and Scrutiny had been further strengthened through the development of a draft Memorandum of Understanding as agreed in the Overview and Scrutiny Development Plan. The draft Memorandum of Understanding (MoU) had been developed following research on the relationship between Audit and Scrutiny in other local authorities and also participation by the Chair of Corporate and Finance Overview and Scrutiny Committee and the Independent Chair of Audit Committee in the Centre for Governance and Scrutiny Pilot.

A Member of the Committee commented that the process had previously not worked so the MoU would formalise the process and ensure that there was good dialogue between the Committees. This needed to be a two-way stream and would prevent duplication of discussions.

The Chair asked for any further comments by the end of the week.

### **56. RESOLVED:-**

That the Committee considered the draft Audit and Scrutiny Memorandum of Understanding attached at Appendix A. The Committee also agreed to consider a final draft, and any comments received from the Governance Board at a future Committee meeting.

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## **UPDATE ON EQUAL PAY STRATEGY**

The Interim City Solicitor and Monitoring Officer Legal & Governance presented the public report to the Committee. It was reported that significant progress had recently been made in terms of managing current claims and their resolution by way of agreement and settlement. A special meeting of Cabinet on 17 December 2024 approved a series of best value proposals relating to the

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Council's equal pay litigation strategy, including the recommendation to resolve the present litigation through alternative dispute resolution. Cabinet had also received an update on the negotiations with trade unions and legal representatives who are representing the claimants in that litigation. Cabinet also approved a proposed strategy to mitigate the risk of further equal pay claims.

### EXCLUSION OF THE PUBLIC

It was-

#### **57. RESOLVED:-**

That members of the press and public be excluded from the meeting for the exempt items of business under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined under paragraphs 3, 4 and 5 of Part 1 of Schedule 12A of the Act; and (ii) the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

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There were a range of matters that were considered during the exempt part of the meeting, and these are set out in full under the private Minutes.

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### ANNUAL AUDITORS REPORT 2021/22 – 2023/24

The report was presented to the Committee by the External Auditor, Grant Thornton. The report covered the years 2021 to 2024. It was reported that the figures had not yet been audited so the judgements may change, and it was also worth noting that the equal pay report had been heavily redacted.

As part of the work, consideration was given to whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. The external Auditors concluded that there were significant risks in financial sustainability over all three years and statutory recommendations had been raised. The governance had raised significant risks over the three years and key recommendations had been raised. And the were also significant risks for criterion improving economy, efficiency and effectiveness and key recommendations had been raised for these.

It was thought that there were five significant factors that had impacted the Council's financial position. There was detail in the report, but the factors were:

- Equal Pay (alleged liability)
- Enterprise Resource Planning (ERP)
- Budget setting assumptions and delivery
- Service performance and demand led pressures
- Contract, procurement and programme management

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The External Auditors gave 8 key recommendations in the report based on culture, risk management, internal audit, performance management, performance reporting system, SEND and city operations.

Members raised the following points:

- This was a damning report.
- Members were very curious but not given information.
- Did the External Auditors feel that BCC had moved forward, and sufficient governance was now in place, especially with the new management.
- There were tensions between Councillors, Officers and Commissioners.
- Was any progress seen on the culture change?
- Were there adequate ways to update on progress on the ERP type of projects? Could ERP be a standing item on the Audit Committee Agenda?
- There had been warning signs since May 2022, and nothing was done. Recommendations were made but nothing was done, there were 21 recommendations, and these had not been addressed. Should the Audit Committee monitor the recommendations?
- The key recommendations in the report were sensible and manageable.
- Members did not agree that there could be a conflict of interest for Audit Committee membership and being part of a trade union.
- It seemed that there had been a dismissal of the Sheffield University report.

Responses from the External Auditor included the following points:

- There was a culture at BCC of dismissing senior officers. The culture was created by Members. Officers were not comfortable reporting to Members.
- Structures had changed and more governance was in place, but it would take 12-18 months to see a difference.
- It was felt that Officers were still challenged and needed to be supported more. There was still a lot to be done.
- Commissioners were now confident that projects were moving in the right direction.
- Both ERP and delivery needed to be monitored to prevent delays.
- There could be high level updates on the Audit Committee Agenda.
- There were mechanisms in place for Officers to report back on ERP assurance.
- The Audit Committee was a non-political committee that needed to work together. Closer work needed to take place with scrutiny committees.
- There were good people and services in BCC.

### **58. RESOLVED:-**

That the Audit Committee noted the contents of the report as set out by the External Auditors. That the management report with a response to each recommendation be brought to the Committee for the next meeting. And review

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the work programme for future meetings and plan ahead for the upcoming year as of the next municipal year.

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### ANNUAL AUDITORS REPORT 2020/21

The External Auditor gave a brief update to the Committee that the information in the report was quite old now. In 2022, significant weaknesses were found in home to school transport, SEND, the planned changes to the Council's general ledger, the PFI scheme, the lack of stable leadership and the waste delivery model had been reported as well as concerns around ERP and the standards.

The key issues reflected in the report included all of these factors and the housing/ housing regulator and Perry Barr. The External Auditor and Section 151 Officer were working very hard to sign off the accounts.

Members raised a concern that Members had only been given a redacted report on the SEND transport issue. The withheld information had been challenged by Members, who had been informed that an unredacted version of the report would be circulated when it could, but it had not been circulated. Could Members be provided with an unredacted report with the recommendations and updates against the actions soon. The Monitoring Officer would investigate and report back to Members.

**59. RESOLVED:-**

That the Audit Committee noted the contents of the report as set out by the External Auditor. That the management report with a response to each recommendation be brought to the Committee for the next meeting. And review the work programme for future meetings and plan ahead for the upcoming year as of the next municipal year.

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### FINANCIAL SUSTAINABILITY REPORT

- 60.** This Item was deferred to the next meeting on 5 March 2025.
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### INTERNAL AUDIT UPDATE : NOVEMBER 2024

The Principal Group Advisor highlighted that all the actions had been closed down on the Oracle work and significant progress had been made in terms of implementing the security framework, reducing the number of high privileged users using the risk management cloud to manage and regularly monitor division of duty conflict. Overall, this was a positive step forward. The final actions had also been agreed.

The Chair commented that there was a reference to there being no direct financial implications in the cover report but there would be some financial implications as a result of the recommendations.

**61. RESOLVED:-**

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That the Audit Committee noted the report and the update.

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### TREASURY MANAGEMENT STRATEGY AND RISK MANAGEMENT

The Chair took the Committees attention to the Commissioners comments that Members needed to consider the risks associated with treasury management carefully. The Assistant Director Financial Strategy highlighted that a major risk was the interest rates risk especially with the current market turbulence. The assumptions in the budget paper had been revisited to relook the assumptions for risk and the interest rates for that year. The final appendices would be agreed by Full Council, so may be amended.

**62. RESOLVED:-**

That the Audit Committee noted and considered the Council's treasury risk management arrangements as set out in the draft 2025/26 treasury management policy, strategy and treasury management practices.

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### ANNUAL AUDIT COMMITTEE SELF-ASSESSMENT

The Chair asked the Committee if they agreed with the approach and recommendations in the report so that it could be referenced in the Annual Report of the Committee, to Full Council on 8 April 2025. If the approach was agreed, then the Principal Group Auditor could send the electronic version of the questionnaire to each Member to complete. The responses would then be collated and summarised by Internal Audit. The results would be considered through a workshop and an action plan developed to strengthen the effectiveness of the Committee.

**63. RESOLVED:-**

That the Audit Committee agreed the approach and timescales for completing the self-assessment.

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### SCHEDULE OF OUTSTANDING ACTIONS

The Chair commented that he would be reviewing the schedule of outstanding actions as there were so many old actions that had been over-ridden by different actions.

The Committee accepted all those outstanding actions and discharged activities.

**64. RESOLVED:-**

That the Audit Committee noted the schedule of outstanding minutes.

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### DATE OF THE NEXT MEETING

**Audit Committee – 29 January 2025**

- 65.** The next meeting was scheduled to take place on Wednesday 26 March 2025 at 1400 hours in Committee Rooms 3 & 4, Council House.
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**OTHER URGENT BUSINESS**

- 66.** There was no item of urgent business.
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The meeting ended at 1725 hours.

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CHAIRPERSON