

<b>FINANCE BIRMINGHAM LTD</b>	
<b>Question</b>	<b>Response</b>
<b>Company Environment</b>	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	From a regulatory perspective, the FCA requires annual confirmation that approved persons are up-to-date on statutory compliance knowledge. From an operation perspective, the discipline of weekly senior management meetings, bi-monthly board meetings and annual appraisals (to include a review of any training requirements) keep everyone up-to-date. In addition, via a non-executive director, governance is monitored via an independent view.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	Bi-monthly board meetings, supported by the provision of board papers, minutes of content and those in attendance.
Please explain the system of governance and the financial control environment within the company	Governance is monitored at a number of levels; as a regulated company FB is required to operate within FCA guidance, the board receives and reviews an annual business plan which incorporates any operating risks and governance is a statutory agenda item at each board meeting.
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	Financial controls exist and a full accounts audit is undertaken by a third party (currently Grant Thornton) on an annual basis. Additionally, contracts are in place with external compliance advisors.
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going	Finance Birmingham is a self-sustainable, profit making business.

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concern and how are plans developed for taking remedial action to any adverse changes within the company	
What is the company's approach to the development of business continuity plans.	Finance Birmingham is a business that essentially operates on the ability of its people, however, contingency plans exist in the event that any supporting infrastructure fails.
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	Finance Birmingham is GDPR compliant.
<b>The Identification, Mitigation and Reporting of Risk</b>	
Please set out your management's views on your risk assessment process as it related to financial reporting.	The company's financial performance is reported at every Board meeting – anomalies are reported immediately. BCC officers and Councillors attend FB board meetings.
Please set out your management's processes for identifying and responding to risks of fraud.	Financial controls are documented and followed. Senior management meets weekly and discusses each aspect of the business. As mandated by the FCA, FB has a formal Compliance Officer.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	Any instances of fraud would be immediately reported to the Board by the CEO. Management ensures that there is the appropriate segregation of duties in place to ensure that the risk of fraud is minimised.
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	None.

## Birmingham City Council 2018-19 Informing the Audit Risk Assessment

### Group Accounts Preparation

Appendix 1

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<b>Question</b>	<b>Response</b>
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	Through regular (weekly) management meetings.
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	None.
How your organisation would raise the Council's Audit Committee's awareness of fraud or suspected fraud.	The CEO would report to the FB board and, at the same time, raise awareness with senior BCC officers.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	Through financial updates and review of management accounts at bi-monthly board meetings.
How would the company communicate any breach of GDPR requirements to the Council.	The CEO would report to the FB board and, if required, raise awareness with senior BCC officers.
What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what insurance cover does the company have in place.	PI insurance, Directors and Officers Insurance
<b>Financial Statements</b>	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	Regular meetings with Grant Thornton. Annual audit.

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What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	None.
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	None.
Please set out details of any indemnities or guarantees that the company has given.	Guarantee in the sum of £400k, approved by BCC – this relates to FDC's proposed lease assignment on the property at (part) 11 <sup>th</sup> Floor, 45 Church Street. The guarantee is required due to the short trading history of FDC. FB's staff will all be located in the new offices.
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	None.
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	None.
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	None.