

AAR ACTION PLAN 2020/21 VFM AUDIT FINDINGS

	SERVICE AREA	LEAD OFFICER	RECOMMENDATION	MANAGEMENT RESPONSE TO AUDITOR FOR 2020/21 AUDIT	ACTION TAKEN	Last Updated - Date
Key rec / Significant weakness 1	HTST	SUE HARRISON	The independent inquiry that the Council commissioned into the Home to School Transport Service made a series of recommendations that amounted to a significant level of change within the Council's service provision. We recommend that the Council continues to prioritise implementation of the agreed recommendations to address the systemic issues identified.	The service will continue to prioritise implementation of the recommendations to address the underlying issues identified as those affecting the service. They are being incorporated into a service improvement plan which will be signed off and monitored by the DCS and her leadership team and reported to members as part of the usual reporting processes - Cabinet, Overview and Scrutiny Committee and Audit Committee.		
Key rec / Significant weakness 2	HTST	SUE HARRISON	The independent report that the Council commissioned into the assurances given to Council and its Committees in early 2020 in relation to the Home to School Transport Service identified significant issues within the service, and made a series of recommendations to address these. We recommend that the Council continues to prioritise implementation of the recommendations to address the underlying issues identified.	Agreed, the service will continue to prioritise implementation of the recommendations to address the underlying issues identified as those affecting the service. They are being incorporated into a service improvement plan which will be signed off and monitored by the DCS and her leadership team and reported to members as part of the usual reporting processes - Cabinet, Overview and Scrutiny Committee and Audit Committee.		
Key rec / Significant weakness 3	SEND	SUE HARRISON	As a result of the failure of the Council to address the significant weaknesses identified in the SEND service by Ofsted and the CQC in June 2018 a Commissioner was appointed by the Secretary of State in October 2021. We recommend that the Council works with the Commissioner to deliver the recommendations in the Commissioner's report, to be published in Spring 2022, in addition to delivering the actions in the SEND Improvement Accelerated Progress Plan which are the responsibility of the Council to address these significant weaknesses to ensure that an adequate SEND service is provided to Birmingham's children, young people and their families/carers.	Recommendation agreed and we will be working with the appointed commissioner to deliver the recommendations.		
Key rec / Significant weakness 4	IT	REBECCA HELLARD	In August 2021, following our IT Audit team's review of the Council's IT general control environment, we recommended that the Council should undertake an immediate review of roles and users within SAP and that it should take action as appropriate in line with the detailed recommendations of our IT Audit report. The Council should ensure that it has the capability to manage user roles and identify segregation of duty breaches and should utilise the lessons learned from the findings relating to the current SAP environment in defining roles for the new general ledger system. These roles should be appropriately defined with sufficient time before 'Go Live' for these to be appropriately reviewed.	The Council acknowledges the key recommendation made in this report and has taken it on board for inclusion into the new Oracle system, which is being implemented now and due to go live in April 2022. A review of roles and responsibilities has been commissioned.	Completed and being reviewed by the programme team.	
Improvement Rec Financial Sustainability		REBECCA HELLARD	Consideration should be given to making a clear distinction between statutory and discretionary spending in the budgetary information provided to members and published on the web.	As we now commence the work to set a balanced budget for 2023/24 we will consider how best we can make a clearer distinction between statutory and discretionary spend in information provided to members and citizens.		
Improvement Rec Governance 2		SATINDER SAHOTA	All COVID-19 grant payments to business should be reviewed, and Members should check and confirm whether payments were made to any personally related parties and if so, whether any additional declarations of interest are required to be made by them.	In the first instance we will check COVID grant payments against any declared interests (excluding those which are Council appointments). At the start of the new Municipal year, as a one-off, we will advise Members alongside the annual Declaration of Interest process that COVID related payments from the Council to personally related parties should be declared. Council Management has implemented steps in order to firstly avoid and secondly address identification of any significant non-compliance with the Council's Constitution in the form of the following: All Council Directors to receive sign posting containing their respective delegations and sub-delegations and also include the following from the Council's Constitution: *Key accountability documents *An Accountability Framework for each Director *Financial Regulations *Financial Accountability Arrangements to deliver sound financial management *Procurement framework *HR Framework *Explanation of the Role of Elected Members *Explanation of the role of the S.151 Finance Officer; and *Explanation of the role of Directors. In addition: *Each Directorate will hold and complete on an ongoing basis, a delegated Officer decision log Every Chief Executive Urgent Decision report, Cabinet Member decision report and Cabinet report is subject to an approvals process comprising Legal/Governance, HR (if applicable), Finance and Procurement technical clearance by Officers.		
Improvement Rec Governance 3		SATINDER SAHOTA	The Legal Services Department should develop and implement a framework to ensure that the Council captures any significant non-compliance with its constitution.	In relation to capturing non-compliance (in addition to the above 'decision log') with the Constitution, Legal Services works closely with Finance and Internal Audit colleagues to investigate incidents of non-compliance, remedial action and lessons learned with assurance reporting through to the Corporate Leadership Team (CLT).		
Improvement Rec Governance 4		SATINDER SAHOTA	The Council should consider the creation of a central, online register of members' interests. This would enable a review of the interests of the Cabinet or of a specific Committee as a whole.	A central register already exists but is not currently published online. From the start of the new municipal year (2022/23) this will also be published on the Council's website alongside the Members individual registers. It is also proposed that the central register will have links to each of the Members pages, so that it becomes a more useful reference tool.		
Improvement Rec Governance 5		PETER BISHOP	The Council should consider providing training to its employees to reduce the risk of significant data breaches occurring.	The Council requires staff to complete a number of mandatory training modules on an annual basis, currently including but not limited to cover information governance obligations. Currently, these focus on Understanding GDPR and Cyber Security. The content of the modules is reviewed each year to ensure that material remains relevant to the risks and issues the Council faces. In addition, each Assistant Director is required to undertake mandatory training on their role as an Information Asset Owner, which includes dealing with data breaches within their services and their role in ensuring staff within the service are appropriately trained. Data breaches are reported to the Council's Data Protection Officer (DPO) and reviewed against data breach criteria to determine whether the Information Commissioner's Office (ICO) notification is required. Quarterly and annual reports are prepared and discussed at the Council's Information Assurance Board (IAB), chaired by the Senior Information Risk Owner (SIRO). The IAB includes senior representation from Legal Services, HR, IT, Corporate Procurement as well as the Caldicott Guardian and the DPO. Each data breach reported to the ICO and any subsequent response with ICO recommendations is reviewed at the IAB and any improvements to the data breach processes, training or changes are implemented. We encourage staff to be open about any data breaches to ensure we learn and improve as a Council.		
Improvement Rec Improving 3E's 6		SARAH DUNLAVEY	We recommend that Birmingham Audit should undertake a review of the data quality of KPIs as part of its 2022/23 Internal Audit plan. This would provide the Council with assurance over the accuracy of the performance data that underpins its improved Performance Management Framework.	The Council is continuing to improve its Performance Management Framework and is looking to put the new KPIs at the heart of its performance reporting. In doing this it is reviewing its existing KPIs and will ensure there is relevant assessment and assurance on new KPIs. A Data and Insights Programme is helping to determine how the Council transforms into a data-driven organisation and uses better quality data to drive insight, drive evidence-based decisions and support its performance management. A review of the data quality of the new KPIs will be incorporated into the 2022/23 audit plan.		
Improvement Rec Improving 3E's 7		SARA PITT	We recommend that the Council should implement its plans to utilise the LGPA Plus benchmarking tool to inform its budget processes. This would provide the Council and the public with a greater understanding of how its financial and performance KPIs compare to other councils.	The Council has started work on balancing the 2023/24 budget (the financial plan approved by Full Council on 22 February 2022 reported a budget gap of £33m). This work will include use of benchmarking to help inform future budget processes. In continuing to develop and improve its overall Performance Management Framework, the Council is drawing more heavily on the LGPA's LG Form platform to ensure KPIs across service and priority areas that are benchmarkable with other local authorities and national standards.	This is underway and part of the 2023/24 budget strategy.	
Improvement Rec Improving 3E's 8		RICHARD BROOKES	Working with partners is a key theme in a number of priorities throughout the Council's updated 2018-22 Plan. However, the plan is not explicit in setting out how it works with partners. We recommend that the Council amends its Plan to provide greater clarity with regards to partnership working.	A new Corporate Plan for 2022-2028 (which will be finalised and published in June 2022 after the local government elections in May) will set out more explicitly how the Council will work to deliver its priorities – including working with partners being reflected in a number of the priorities. The Plan will include 'working in partnership' as one of the organisational behaviours, and it will also list some of the key partners the Council works and collaborates with to deliver its priorities.		
Improvement Rec Improving 3E's 9		STEVE SANDERCOCK	We recommend that the Council should prioritise the implementation of its procurement strategy.	The Council is currently finalising its Procurement Strategy and it will be presented to Cabinet for approval post the pre-election period in May / June 2022.		
Improvement Rec IT 10		PETER BISHOP	We recommend that the Council ensures that appropriate training is given so that managers understand the access rights that they are approving each month.	Access can only be requested by managers and there are checks and balances in place in line with the Council's Scheme of Delegation before approval is granted. There is also an automatic lock out of the system for users who haven't used the system for more than 100 days. Managers are reminded on 'Partner' and via the Managers Bulletin of the importance of notifying the systems team of user changes in a timely manner. With only a few weeks before SAP is to focus for new transactions due to the implement of the new Oracle System, this is seen as a low risk.		
Improvement Rec IT 11	IT		In August 2021 we recommended that the Council avoided any further delays to procurement decisions, while also ensuring that mitigation plans are in place should solutions not be operational at 'Go Live'. The recommendation has already been addressed at the time of writing this report.	completed August 2021		
Improvement Rec IT 12	IT		In August 2021 we recommended that the Council should continue to focus on designing and testing critical reports for each functional area and that these should be delivered by November 2021 in order to be assisted during user acceptance testing. We also recommended that the Council should plan how business as usual activities will be managed where reports will not be in place from Day 1.	completed August 2021		
Improvement Rec IT 13	IT		In August 2021 we recommended that the Council limited further changes to only those that were considered essential.	completed August 2021		
Improvement Rec Highways PFI 14		KEVIN HICKS	The Council needs to ensure that any necessary extensions to the ISC are approved on a timely basis to avoid risks to service delivery.	While this recommendation is accepted, it should be noted that the Interim Service Contract (ISC) is BHA's contract, not the Council's. The Council approved an extension to the ISC by BHL to August 2023 on 16 March 2021. In line with this decision, the ISC was extended by BHL on 31 March 2021 and 9 December 2021, in line with the Cabinet's decision.		
Improvement Rec Highways PFI 15		KEVIN HICKS	The Council should strengthen its arrangements to ensure that appropriate formal approval is provided for key decisions before any necessary submission to significant third parties, including Government.	This recommendation is accepted and the Council has already resolved this. It put in place a revised project governance structure from August 2021, which introduced: *A Programme Board, chaired by the Senior Responsible Officer (SRO) - the Assistant Director - Highways and Infrastructure) and comprising senior officers from the Council leading the five thematic workstreams (contract management, procurement, asset management, legal and finance and commercial). *A Sponsoring Board, to inform the SRO reports, and comprising the Cabinet Members for Transport and Environment and Finance and Resources, together with the Managing Director, City Operations, Director of City Management and City Solicitor. Project submissions are developed by the workstreams, agreed by the Programme Board and recommended to the Sponsoring Board for formal approval.		
Improvement Rec Highways PFI 16		KEVIN HICKS	We recommend that the Council implements a more formal process to ensure that its understanding is consistent with Government Departments, when dealing with such matters in future, to reduce the risk of setbacks caused by a difference in expectations.	We accept that the Council could have set out its understanding of expectations regarding the Updated Business Case (UBC) more formally to DfT and have subsequently sought to do so on all DfT's requirements. It is implicitly acknowledged within the recommendation that this in itself can only reduce the risk and does not ensure that expectations are clearly shared with the Council.		
Improvement Rec Highways PFI 17		KEVIN HICKS	The Council should develop its business case training to key officers to enhance the Council's ability to strengthen its arrangements for preparing effective business cases.	The Council has significantly enhanced its approach to the development of business cases and the Corporate Programme Office (CPO) has been working with the finance team and procurement colleagues to enhance business case templates, and provides training for officers completing templates. To date the focus of training has been for those officers as they need to complete templates, we accept that there needs to be more training to strengthen and develop staff on the delivery of business cases and this training has continued to take place this year. As per government requirements, the Highways Maintenance and Management PFI project is supported with external advisors with extensive experience of developing business cases with government. While the recommendation is accepted, it should be noted that this action would not have changed the position regarding the Updated Business Case submission. The content of this submission was agreed with DfT as being outside the Better Business Case structure.		
Improvement Rec Highways PFI 18		KEVIN HICKS	The Council should consider including some scenario planning on changes in road use when preparing the ORC to future proof the re-procurement process.	Changes in road use are part of the condition risks on roads that the council is seeking to transfer to its Highways Maintenance and Management PFI Service Provider. This means that the Service Provider is required to maintain the condition requirements of roads even if that use changes during the contract. As an example, where a significant development such as the H2 terminal changes the road use, with a greater volume of heavier vehicles damaging the road, the Service Provider is still required to achieve the same condition requirements, despite the increased damage. We consider that this is an appropriate way to manage this risk. It is the Service Provider, not the Council, that then needs to take into account potential scenarios for road use change in planning and submitting its bid. The Council and BHA will review the robustness of this as part of the re-procurement process to validate that bidders can reasonably be expected to deliver their bid and have provided sufficient capacity to take into account changing circumstances. The condition requirements to which roads are maintained need to be set out within the contract and will not change during the contract. In that respect, the Council cannot 'future-proof' re-procurement, such changes will need to be taken into account in the re-procurement of the succeeding contracts).		
Improvement Rec Key Staff 19		DARREN HOCKADAY	We recommend that the Council puts in place formal arrangements to ensure that the Chief Executive and other CLT officers have a clear framework to support the development of positive relationships with the political leadership.	The Chief Executive is working with the Senior Leadership Team – both Officers and Members to strengthen positive relationships with regular briefing meetings and a monthly EC/LT meeting, attended by both Cabinet members and the Corporate Leadership team. The Chief Executive is in the process of developing a monthly exception based report based on 5 P's – People, Pounds (£), Performance, Programmes and Partnerships. This report will be used to aid conversations.		
Improvement Rec Key Staff 20		DARREN HOCKADAY	We recommend that the Council needs to identify key individuals, such as the former Head of City Finance, and ensure that appropriate succession planning is put in place to avoid future issues caused by the loss of corporate memory. Such arrangements should include the maintenance of a library of file notes, explaining the key technical areas where an individual's understanding would be lost to the organisation should they leave.	Each department and team is responsible for ensuring that they have appropriate succession planning in place and management teams will be making succession plans as part of their business continuity plans and workforce planning. As the Auditors have specifically mentioned a post – the former Head of City Finance – we have detailed the work taking place in the Finance team. The management team has been strengthened and a number of key posts have been recruited to on a permanent basis building security and continuity for the teams. Where interim workers continue to fill roles, they are required to develop their teams and put in place a lasting legacy.		
Improvement Rec Waste Services 21		ROB JAMES	We recommend that the Council works effectively with Wood to develop new Waste Service delivery models as soon as the Government's requirements for future collection programmes have been finalised 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.	The Council accepts this recommendation and will work to implement it when Government's requirements for future collection programmes have been finalised.		
CWG EQUAL PAY COVID			NO RECOMMENDATIONS - WILL REVIEW IN 2021/22 AUDIT WORK NO RECOMMENDATIONS - WILL REVIEW IN 2021/22 AUDIT WORK NO RECOMMENDATIONS			