

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE 29 MARCH 2022
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**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
TUESDAY, 29 MARCH 2022 AT 1400 HOURS IN THE CHARLES DICKENS
ROOM, BMI, MARGARET STREET, BIRMINGHAM**

PRESENT:-

Councillor Grindrod in the Chair;

Councillors Bore, Jenkins, Morrall, Quinnen and Tilsley

NOTICE OF RECORDING/WEBCAST

- 435 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.

APOLOGIES

- 436 Apologies for absence were submitted on behalf of Councillors Akhtar and Bridle.
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DECLARATIONS OF INTEREST

- 437 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.

Councillor Tilsley declared a non-pecuniary interest in agenda item 8 as he was a Non-Executive Director for Birmingham Airport. Councillor Tilsley was advised by the City Solicitor that he could take part in discussions as part of this agenda item.

EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC

- 438 The Chair noted that there was one private item on the agenda. Members of the press and public would be excluded from this part of the meeting.
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MINUTES – AUDIT COMMITTEE – 25 JANUARY 2022

- 439 The Committee noted the existing action attributed to the Chair in relation to the Chief Executive conducting a review of how departments work in a joined-up way and how complaints from residents and Councillors on poor service are dealt with (minute 413 refers). This action would be followed up by the Chair.

The Chair suggested that the Leader and Chief Executive attended the first meeting of the Committee following the completion of the Annual Meeting in May 2022 so that a detailed discussion on this matter could take place.

The Committee agreed that the minutes of the meeting held on 25 January 2022 were a true and accurate record. The minutes were signed by the Chair.

The Chair noted that the minutes of the meeting held on 15 February 2022 were not yet available for confirmation and signing. These would be submitted for consideration and approval at the 26 April 2022 meeting.

BIRMINGHAM AUDIT – INTERNAL AUDIT PLAN 2022/23

- 440 The following report of the Assistant Director Audit and Risk Management was submitted: -

(See document No.1)

Officers spoke to the report and responded to questions from Members of the Committee.

The Committee noted that Overview and Scrutiny had reviewed the Council's procurement process, specifically the lower values of procurement.

Officers informed the Committee that a dedicated procurement auditor was part of the team and the schools audit team were tasked with ensuring schools adhered to procurement processes as part of the school visits programme.

The Committee further noted that a whistleblowing policy was available for school staff to use if necessary and that all declarations of interest from school staff and governors were checked on a regular basis.

In relation to instances of fraud attributed to Council Officers and Members, the Committee noted that an annual fraud report was submitted for consideration at the October 2021 meeting. This would be circulated to Members again.

The Committee noted that engagement by Council departments with the Internal Audit Team was good. Internal Audit were attending Directorate Management Team meetings and Officers were content with the current approach.

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RESOLVED:-

That the Audit Committee:

- a) Noted the methodology and assumptions applied in developing the 2022/23 internal audit plan;
- b) considered the proposed audit coverage and identified any areas they wished to suggest for inclusion in the risking process; and
- c) subject to any agreed adjustments, approved the proposed baseline plan.

ADOPTION OF ACCOUNTING POLICES FOR 2021/22

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The following report of the Director of Council Management was submitted: -

(See document No.2)

The Committee noted that the current prescribed valuation methodology resulted in exact values of plant and property being difficult to determine (in relation to an exact figure).

Members requested that Officers facilitate a future training session in relation to the valuation process associated with the Council's plant and property.

The Committee noted that market values were used by Officers when undertaking the valuation process of Council owned plant and property.

The Committee noted that the Value for Money Statement would be finalised by 31 March 2022 following consideration of the document by the Senior Leadership Team.

Following detailed discussions around the Value for Money Statement, the Committee noted that the final version of the document would be reviewed by the City Solicitor before a decision was taken if the document could be considered by the Committee at the April 2022 meeting. The City Solicitor would determine if it was appropriate for the document to be considered and debated by the Committee during the current purdah period or if the item should be considered by the Committee at its first meeting following the completion of Annual Council in May 2022.

443 **RESOLVED:-**

That the Audit Committee:

a) Agreed to adopt the accounting policies for the determination of the Council's accounts for 2021/22, and approved the potential changes to PPE valuations if the Code was amended; and

b) Noted the implications for future years' accounts arising from the changes in Accounting Standards.

**GROUP COMPANY GOVERNANCE ASSURANCE – INFORMING THE
AUDIT RISK ASSESSMENT - PUBLIC**

444 The following report of the Interim Chief Finance Officer was submitted: -

(See document No.3)

The Committee noted that as part of this work, companies were requested to provide information on their assurance controls, a breakdown of the skills of company directors and senior managers, a business plan, the cashflow management process, GDPR compliance and any identified fraud risks. Group companies were requested to make these returns on a regular basis throughout the year. It had been agreed that Red, Amber, Green (RAG) ratings would be used in order that any performance issues were identified quickly and clearly.

The Committee further noted that the Council's external auditors also flagged any identified issues/ risks with any of the group companies.

Following a comment from the Chair, the Committee agreed that specific comments and queries would only relate to information available in the public domain. For this reason, there would not be a need to move into private session.

The Committee noted that a group company was set up to provide private, rented housing due to external companies not wishing to do so at the time it was created.

The Committee noted that any loans provided by the Council to group companies were secured against company assets.

The Committee further noted that the Council was able to call in the management teams of group companies to answer any questions so they were held to account appropriately.

Members noted that group companies reported their performance on a bimonthly basis.

445 **RESOLVED:-**

That the Audit Committee:

- a) Noted the responses from the Council's group companies, the issues raised by Cabinet Committee Group Company Governance (CC-GCG) and the process for group risk assessment.
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SCHEDULE OF OUTSTANDING MINUTES

446 The following Schedule of Outstanding Minutes was submitted:-

(See document No.4)

447 The Committee noted that Outstanding Minute 350 was complete and would be discharged. The outstanding actions related to Minutes 381, 412, 413 and 414 would be highlighted further so that responses could be provided to the Committee at a future date.

Specifically:

- The Briefing referenced at 377 (ii) would be delivered to the Committee on a future date after completion of the May 2022 Annual Council meeting.
 - All outstanding actions related to Minute 381 would be retained on the Outstanding Minute list.
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DATE OF THE NEXT MEETING

448 The next meeting is scheduled to take place on Tuesday, 26 April 2022 at 1400 hours in the Charles Dickens Room, BMI, Margaret Street, Birmingham.

OTHER URGENT BUSINESS

449 None.

AUTHORITY TO CHAIRMAN AND OFFICERS

450 **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.

P R I V A T E A G E N D A

**GROUP COMPANY GOVERNANCE ASSURANCE - INFORMING THE
AUDIT RISK ASSESSMENT - PRIVATE REPORT**

- 451 The Committee agreed that as no reference was made to items within the private report, there was no requirement for the Committee to enter private session.

The meeting ended at 1520 hours.

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CHAIR