

ACIVICO LTD (INCLUDING ACIVICO (BUILDING CONSULTANCY) LTD AND ACIVICO (DESIGN, CONSTRUCTION AND FACILITIES MANAGEMENT) LTD	
Question	Response
<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	<p>Board Directors are provided with an induction on appointment to ensure their responsibilities are understood and they have the tools necessary. A review of the Board Effectiveness has been commissioned and the Shareholder's representative is in receipt of the initial draft report with a further update due to be issued shortly following clarification of points raised in the report.</p> <p>The stabilisation project within Acivico has reviewed the senior management structure and roles required to manage the new 3 year business plan and the board is considering how best to recruit the skills required to ensure the success of the BP while the decision of the cabinet on the future of the company is pending.</p>
How does the company ensure that Directors engage fully with the company and what is the record of attendance	<p>Board meetings are held on a monthly basis with the newly constituted Audit Committee meeting a minimum of 3 times a year. The Board Directors now have lead roles in the themes developed as part of the stabilisation plan and new 3 year business plan, bringing them closer to the operational activities of the business which ensures engagement with and challenge to the operational team.</p> <p>All Board and Audit Committees are mounted and actions recorded with BCC Legal team providing the equivalent of Company Secretarial support.</p>
Please explain the system of governance and the financial control	As part of the stabilisation project the financial reporting of the company has been reviewed with monthly reporting through to the Board directly.

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environment within the company	<p>Audit Committee Terms of reference have been reviewed and approved by Board, thereby giving more focus and direction on Scrutiny with a workplan approved at the Audit Committee on 14 November which will provide post scrutiny of the monthly management accounts and pre scrutiny of the year end financial accounts.</p> <p>Within the operation areas there are clear Finance BPs working with the services to develop their month end forecasts. As part of project phoenix there continues to be an element of review of the budget assumptions (QA).</p> <p>Scheme of delegations is being reviewed and due to be approved by the Audit Committee in the new year.</p> <p>Financial systems are currently not fit for purpose with lots of manual intervention, therefore the new ICT strategy has proposed and subsequently been approved by Board for a new financial system suitable for the size of the company.</p>
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.	<p>There is an internal audit work programme with the lead auditor reporting through to the audit committee on a regular basis.</p> <p>There is proposed to be an internal control review for operational managers that will require quarterly sign off, which will be implemented for Qtr 3.</p>
What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	<p>The company is currently working with a going concern support letter, therefore this is not relevant for the current company set up.</p> <p>For the new company, there is a 3 year business plan which is approved by the Board and supported by the Shareholder, with cabinet approval in</p>

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	<p>December to implement the recommendations in accordance with the business plan.</p> <p>Cashflow has been an ongoing discussion with BCC finance, which is yet to be finalised despite monthly requests to do this.</p>
What is the company's approach to the development of business continuity plans.	Business Continuity plans are being updated due to the changes in structures within the company over the summer months. The main plan is shared and updated for BCC in accordance with the timelines requested.
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	There was a project plan for the original implementation, although the EMT has proactively commissioned a review of the implementation to identify any gaps/risk the company might not be aware of. This report is due to be reported to the Audit Committee in January where an action plan will be agreed if required.
<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.	Each monthly financial report identifies key risks/issues and any mitigations as required. There is formal reporting of corporate risks through to the Audit committee on a regular basis and a detailed workshop of all business risks is currently in progress following a review of the internal process and ownership throughout the business.
Please set out your management's processes for identifying and responding to risks of fraud.	As can be seen through a live situation this year, a concern was raised immediately with the internal audit team and an audit commissioned. This has been reported through to the Audit Committee and progress monitored. The outcome of the audit was that no fraud had occurred, but

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### Group Accounts Preparation

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	it demonstrates the management approach in place to deal with such instances.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	See above and Audit Committee involvement.
Please set out the areas that face fraud risks, including specific accounts or classes of transactions where fraud risks have been identified.	Potential for Fraud exists where services process cash. There is also potential within the P2P process but the company's SAP environment runs the same processes as BCC with procurement for example reviewing new suppliers and contracts.
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	As detailed above there are processes for all Service Areas to report through the Corporate Risk Register, Financial Reports and Service Area updates.  The Stabilisation and now transition projects are running RAID logs which will report key issues/risks through the dashboard which are subsequently reported through to Board on a monthly basis.
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	See the one example within the company this year.
How your organisation would raise the Council's Audit Committee's awareness of fraud or suspected fraud.	See above
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance	The Shareholder has a representative attend the Acivico Board, and receives all papers. Additional financial controls are in place due to the Going Concern letter, so there are updates in the intervening periods too.

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that would impact on the financial status of the company	BCL is a prime example of regular updates to BCC due the losses and need to transition the service back to the client to enable BCC to reconsider the business model most appropriate for the service needs.
How would the company communicate any breach of GDPR requirements to the Council.	The company reports through to EMT, Board and then the Shareholder's representative. There is a current case that is working its way through the process in December so the Shareholder will receive an update before the end of the calendar year.
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.	The company is supported by BCC in its insurance requirements and a review of the policies has been completed with the BCC lead in the last couple of months. The company is preparing its requirements for the new company as part of the transition. A schedule of policies is available if required.
<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.	There has been a full review of accounting policies this year with the major change being the approach to the Bad Debt Provision. This was approved by the Board and subsequently endorsed by the external auditors as part of the 2017/18 financial accounts preparation.
What matters or events occurred during the year that could influence your	The final days of the internal audit plan are going to focus on the revised

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audit approach or may have an impact on the Council's consolidated financial statements.	corporate risk register which will be available at the end of December 2018. The risks are evaluated giving consideration to the financial impact, thereby determining the mitigations required to bring the inherent risk down to an acceptable residual risk level.
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	Not application but note the proposal to close the company and create a new company which will realise the losses of Acivico to date.
Please set out details of any indemnities or guarantees that the company has given.	None known by current EMT.
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.	Not applicable
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	The latest Audit Findings report is attached for information, which includes the management responses and actions.
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	Note the cabinet report on the new 3 year business plan.