

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE 25 JULY 2017

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY, 25 JULY 2017 AT 1400 HOURS IN COMMITTEE ROOM 6, COUNCIL HOUSE, BIRMINGHAM

PRESENT:-

Councillor M Khan in the Chair;

Councillors M Jenkins, Quinnen, Rice, Spencer and Tilsley.

NOTICE OF RECORDING/WEBCAST

- 977 The Chairman advised and the meeting noted that this meeting would be webcast for live or subsequent broadcast via the Council's Internet site (www.birminghamnewsroom.com) and members of the press/public could record and take photographs except where there were 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.

MINUTES

- 978 **RESOLVED:-**

That the Minutes of the last meeting be confirmed and signed.

BIRMINGHAM AUDIT ANNUAL FRAUD REPORT 2016/17

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

(See document No 1)

Neil Farquharson, Group Auditor, introduced the report and responded to Members' comments which included details of DCLG funding, the importance of raising awareness of fraud, direct payments, sub-letting, the data warehouse facility, cases of procurement fraud, the right to buy application process and

trying to identify the whereabouts of children missing from school for more than four weeks. In response to a request by a Member regarding information on the level and type of fraud, he undertook to include a summary in future reports.

979

RESOLVED:-

That the report be noted.

CORPORATE RISK REGISTER UPDATE

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

(See document No 2)

Sarah Dunlavey, Assistant Director, Audit and Risk Management, introduced the report and responded to Members' comments which included details of current ranking and possible broadening of some risks.

Mike O'Donnell, Interim Chief Finance Officer, advised that Project Argus, developed by the National Counter Terrorism Security Office, was a desktop exercise initiative to which the Corporate Leadership Team was required to respond.

Sarah Dunlavey undertook to arrange for a report to be submitted to a future meeting on the Sustainability Transformation Plan and ensure all Members were provided with details of the evacuation procedure for the Council House.

A brief discussion ensued regarding the style of the report and the way in which information was presented.

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RESOLVED:-

- (i) That the Committee agrees that the information provided by directorates and risk ratings are reasonable and the action being taken is effective, or if further explanation/information is required; further that the level of risk has reduced for the following:-

Risk 17 – Ineffective Corporate Risk Marker IT solution;

- (ii) that approval be given to the deletion of the following risk for the reasons set out in the report:-

Risk 28 – Risk that in its early stages of delivery the Sustainability Transformation Plan will not alleviate the financial position of social care. The Council budget from April 2017 does not make assumptions regarding this proposal contained in the previous year's budget and is no longer a major financial risk to the organisation;

- (iii) that approval be given to the following three new risks:-
- a) Risk 32 – Risk of significant disruption to Council services and failure to effectively manage and respond to emergency incidents, including acts of terrorism;
 - b) Risk 33 – Failure of the Sustainability Transformation Plan to deliver a step change to the health and social care system resulting in an improvement to the health and wellbeing of Birmingham citizens;
 - c) Risk 34 – Risk of fines being passed down to local authorities in relation to air quality/ongoing fines related to not meeting air quality compliance.
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GRANT THORNTON – PROGRESS REPORT

The following report of the External Auditor, Grant Thornton, was submitted:-

(See document No 3)

Phil Jones and Laura Hinsley, Grant Thornton, introduced the report and made reference to the new deadline for the approval of accounts, value for money, technical matters and issues raised by the National Audit Office.

In response to a question, Members were informed that 'LOBO' referred to 'lender option borrower option'.

Phil Jones, in referring to the final accounts, advised that two objections had been received and it would not be possible to issue a certificate of completion until those matters had been resolved.

981 **RESOLVED:-**

That the report be noted.

OTHER URGENT BUSINESS

982 No other urgent business was raised.

AUTHORITY TO CHAIRMAN AND OFFICERS

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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.

The meeting ended at 1530 hours.

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CHAIRMAN