

BIRMINGHAM CITY COUNCIL

**AUDIT COMMITTEE
29 SEPTEMBER 2015**

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
TUESDAY, 29 SEPTEMBER 2015 AT 1400 HOURS IN COMMITTEE ROOM
6, COUNCIL HOUSE, BIRMINGHAM**

PRESENT:-

Councillor Burden in the Chair;

Councillors Afzal, Henley, Rice, Robinson, Shah, Tilsley and Wood.

NOTICE OF RECORDING

- 826 The Chairman advised, and the Committee noted, that members of the press/public could record and take photographs except where there were confidential or exempt items.

MINUTES

Councillor Robinson advised that he wished to withdraw his declaration of a non-pecuniary interest relating to the report concerning the statement of accounts 2014/15 as he did not serve on any of the organisations referred to therein (Minute No 818 refers).

- 827 **RESOLVED:-**

That the Minutes of that part of the last meeting of the Committee open to the public be noted.

DEMONSTRATION OF BIRMINGHAM AUDIT'S DATA WAREHOUSE

- 828 Craig Price, Acting Assistant Director, Audit and Risk Management, introduced the item and Lee Cadman, Principal Intelligence Officer, gave a demonstration of Birmingham Audit's data warehouse explaining its purpose and how it was used on a practical basis. This included intelligence searches to support fraud investigations and embedding the warehouse into service areas to enable proactive checking to prevent fraud and error occurring.

In response to questions, the following were amongst the points made:-

1. The data warehouse supplemented the child protection site – multi agency sharing (MASH). Information could be extracted from schools' databases. Lee Cadman undertook to provide Members with further information on whether the Council had a register of all school children.
2. The software used was an 'off the shelf' system which was supported by Service Birmingham.
3. It was hoped to expand the system so that it would enable 'regional' sharing of information.
4. The data warehouse, which had originally concentrated on fraud detection, was moving towards prevention.
5. The highest level of security had been placed on the system to ensure that it was only used by appropriate officers for legitimate checks.
6. Assessments and security checks were carried out as part of Birmingham Audit's Information Security accreditation to ensure the highest level of security was maintained.

The Chairman thanked Lee Cadman for the demonstration of the system.

RISK UPDATE – FUTURE COUNCIL PROGRAMME

The following report of the Future Council Programme Manager was submitted together with a structure chart tabled at the meeting:-

(See document No 1)

Sarah Homer, Interim Director, Service Delivery, introduced the report and, in response to Members' questions, the following were amongst the points made:-

1. She explained the timescale and plans for engaging with and consulting the community regarding the budget. It was important to encourage conversation.
2. With regard to the findings of Kerslake, progress would be measured through the evaluation framework. However, it was difficult to measure culture change which would progress over a period of time.
3. Work was being delivered via the Birmingham Way and the My Appraisal Scheme which was launched in April 2015. The results of the most recent staff survey, a way of measuring progress, were due to be published in the next few weeks.

4. With regard to capturing the progress of the future council programme, Cabinet had agreed a set of design principles and officers had been looking at various aspects including identifying a set of customer perspectives and what was driving demand for services.
5. It was important to take into account demographic and environmental changes. It was hoped to have an appropriate policy, in the near future, which would build into a budget proposal, long term plan and operating model.
6. Jon Warlow, Director of Finance, acknowledged that Members' roles were changing and explained that the operating model would need to take account of the new ways of working such as the implementation of Parish Councils and any future changes to Ward and Constituency boundaries.

829

RESOLVED:-

That the update to risk 2015/16.11 and the following planned activities to further mitigate the risk be noted:-

- (i) Continuing engagement of Cabinet and CLT overseeing programme delivery;
- (ii) Ongoing reporting on progress to the Birmingham Independent Improvement Panel;
- (iii) Formalisation of the risk management processes;
- (iv) Refinement of the project management tool and creation of management reports;
- (v) Consistent monthly focus on delivery of the Kerslake actions.

STATEMENT OF ACCOUNTS AND AUDIT FINDINGS REPORT 2014/15

The following statement of accounts and audit findings report were submitted:-

(See documents Nos 2 and 3)

Sarah Dunlavy, Assistant Director, Financial Services, advised that there had been an amendment to page 150 of the statement of accounts and circulated the revised document at the meeting:-

(See document No 4)

Phil Jones and Richard Percival, Grant Thornton, explained the different sections of the audit findings report and tabled the following revised page 37 thereof at the meeting:-

(See document No 5)

A debate ensued with issues being raised throughout the presentation and the following were amongst the points covered:-

1. With regard to equal pay, compared with the previous twelve months, there had been a significant slowing down in the rate and decrease in the number of new claims received. The rate of settlement was the critical point.
2. Jon Warlow, Director of Finance, explained the difference in the figures relating to usable revenues referred to on pages 18 and 161 of the statement of accounts.
3. Members requested further information as to why the accounts had been submitted so late by Acivico and sought assurance that it would not happen in the future.
4. Grant Thornton confirmed that they were satisfied with the partnership arrangements between the Council and Network Rail regarding the development of New Street Station and the Pallasades Shopping Centre through the Gateway and Grand Central projects.
5. With regard to the Collection Fund for Council Tax and the National Non Domestic Rates, there were a range of factors that could have resulted in an increase in collectable business rates.
6. Grant Thornton, in referring to value for money, explained in more detail why 'key indicators of financial performance' and 'improving efficiency and productivity' had been rated as 'red' and drew Members' attention to the summary findings set out in the report.

The Chairman thanked Grant Thornton for the way in which the audit had been conducted.

830

RESOLVED:-

- (i) That the Audit Findings report from Grant Thornton be noted and the recommendations set out in appendix A be accepted;
- (ii) that the final Statement of Accounts 2014/15, which will receive an unqualified opinion from the auditor, be approved;
- (iii) that the letter of representation from the Director of Finance be approved.

FUTURE AGENDA ITEMS

The Chairman explained that he had added this item to the agenda to give Members the opportunity to raise any issues that they wished to be considered at a future meeting.

In response to a suggestion by Councillor Tilsley, the Chairman advised that an update on the corporate risk register was due to be considered at the meeting scheduled to take place on 24 November 2015.

The Chairman suggested that a report be submitted to a future meeting regarding the process relating to asset sales.

831 **RESOLVED:-**

That the points raised in the pre-amble be noted.

OTHER URGENT BUSINESS

832 No other urgent business was raised.

AUTHORITY TO CHAIRMAN AND OFFICERS

833 **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.

EXCLUSION OF THE PUBLIC

834 **RESOLVED:-**

That, in view of the nature of the business to be transacted, which includes the following exempt information, the public be now excluded from the meeting:-

Agenda Item etc

**Paragraph of Exempt Information
Under Revised Schedule 12A of the
Local Government Act 1972**

Minutes

3 and 4