

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE 19 JULY 2023

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
WEDNESDAY, 19 JULY 2023 AT 1400 HOURS IN COMMITTEE
ROOM 3 & 4, COUNCIL HOUSE, VICTORIA SQUARE, BIRMINGHAM, B1
1BB**

PRESENT:-

Councillor Fred Grindrod in the Chair;

Councillors Shabrana Hussain, Miranda Perks and Paul Tilsley

NOTICE OF RECORDING/WEBCAST

611 The meeting started at 1409 hours.

The Chair advised and the Committee noted this meeting will be webcast for live or subsequent broadcast via the Council's Public-I microsite ([please click this link](#)) 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

612 Apologies were submitted on behalf of Councillor Shafique Shah for his inability to attend the meeting.

DECLARATIONS OF INTEREST

613 The Chair sought advice from the City Solicitor and Monitoring Officer on the Equal Pay item. He questioned if members of the Committee had to declare if they were part of a Trade Union and request for a dispensation.

The City Solicitor and Monitoring Officer confirmed these declarations should be noted at the meeting however, an email can be sent to the City Solicitor prior to the item being discussed i.e. to request for a dispensation setting out the reasons and details of membership/trade union.

Councillor Tilsley declared he was a Non-Executive Director for Birmingham Airport (Non-pecuniary).

EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC

The Chair advised there would be a possible private discussion for item 5 – Private minutes - Audit Committee 16 May 2023 (Exempt paragraph 3 of schedule 12A of the Local Government Act 1972).

In addition, a private discussion on item 8 - Private - Report on Equal Pay - (Exempt appendix due to paragraphs 3,4 & 5 of schedule 12A of the Local Government Act 1972).

At this juncture, Councillor Tilsley proposed for these items to be considered at the end of the agenda however, this posed an issue for the External Auditors attendance at the meeting. It was therefore agreed to continue in the running order of the agenda. This was agreed with the Members of the Committee.

Upon consideration, it was:

614

RESOLVED

That in accordance with Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to information) (Variation order) 2006, the public be excluded from the meeting during consideration of those parts of the agenda designated as exempt on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information.

MINUTES – AUDIT COMMITTEE 16 MAY & 28 JUNE 2023

615

That the public minutes of the meeting, 28 June 2023 having been circulated, were agreed by the Committee.

That the public and private minutes of the meeting, 16 May 2023 having been circulated, were agreed by the Committee as a full set. There were no issues raised on the private minutes.

OVERVIEW FROM THE LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN (LGSCO)

616

Members were informed this item would be discussed later in the meeting as the guest attending had been delayed travelling to Birmingham.

On this basis, item 7 – Update Report on Oracle since the last meeting 28 June 2023 would be discussed first.

UPDATE REPORT ON ORACLE SINCE THE LAST MEETING 28 JUNE 2023

A verbal update was provided by officers. Prior to the commencement of this meeting, a presentation on the Internal Management Review (Oracle Implementation) was emailed to the Committee – for information only. This would not be shared at the meeting.

The Programme Manager and the Acting Director for People and Corporate Services provided an update to the actions following the last meeting. The following points were made:

- The Wellbeing offer – This was available to Council Staff and now extended to finance, School staff, Business Managers. A support offer had been offered to schools.
- Risk management, key risks - A full report will be shared at the next Audit Committee covering all areas.
- Progress had been made – Gold Task Force were currently reviewing the strategic risks.
- Terms of reference for the Management Review had been circulated to members ahead of this meeting. The Assistant Director (Programmes, Performance, and Improvement), Partnerships Insight and Prevention was leading on the Management Review on behalf of the Chief Executive.
- DBS Checks – part of the responsibility in this area had devolved to line managers however, this was now controlled centrally. Changes to the processes were taking place – data entry, flagging data expiries, and regular assurance reporting etc.
- Update data as of 17 July had been shared with the Acting Director for People and Corporate Services on employees who required a review of DBS checks. The current total in process of DBS checks was 2700 across the organisation. Under 2300 were with Heads of Service to action.
- Out of 2700 that required a DBS check, a total of 1040 were compliant – around 30%. The remainder were being actioned by managers. Further details around categories was shared.

Members raised questions around the following areas; of the employees that required DBS checks, were these employees in an area of where Ofsted inspections would take place; If it was discovered DBS records were incorrect, would Birmingham fail Ofsted; there were concerns that Oracle had exposed the standard for DBS checks were not being adhered to, this was a culture issue around safeguarding; queries raised around financial budget and forecast – questions raised what these were based on if 2022-23 accounts were not closed off and in relation to reserves, if there had been an increase on the figures.

In response officers made the following points;

DBS checks and Ofsted areas – these DBS checks were spread across various Directorates including Children and Families. Of those employees who there was no record of, it was now established these were in place. If there was no valid DBS checks within the school, then this would result in a failure for Ofsted. Ofsted would need to see a record in order to be satisfied. Work was taking place with line managers to ensure the DBS checks were up to date.

A Management Review was taking place and Internal Audit were working within this area to understand the impact. A new Compliance and Vetting Team was in place. Update on the Management Review would come back to Audit Committee. This report was welcomed by the Committee.

The Chair questioned if the Safeguarding Board had been engaged with this issue. Members were informed the Safeguarding Board had been engaged however, further clarifications would be provided.

The City Solicitor and Monitoring Officer informed there were multiagency Safeguarding Boards that represent both Children and Adult issues. This would need to be confirmed via the Director of Children Services and Adults who were linked to the Boards. The Annual Governance Statement would refer to DBS. This would be monitored and raise awareness. The City Solicitor would make enquires with Statutory Officers around the Safeguarding Boards as assurances were required on this area.

The new Head of Compliance and Vetting (Jeremy Holt) could attend the next Audit Committee to provide assurances on the work he was undertaking. This was welcomed by the Chair.

The Chair or the Deputy Chair of the Design Authority to come to the next meeting to update on the Optimisation phase. This was welcomed. It was important for the internal technical team to lead on the areas of Optimisation.

The current Impact on Financial position and preparation of the statement of account was shared with the Committee. A high-level financial forecast was being prepared which was scheduled to be shared with Cabinet in July 2023. A plan had been devised for the Optimisation work. Costs and governance would be monitored.

The timescales of the accounts was being reviewed. An updated timetable on the production of the 2022-23 accounts would be shared with the committee.

The Interim Director of Finance S151 officer informed the outturn was being produced and there was the assumption of the use £80 million of reserves however the projected outturn was being looked at every day.

Further comments were made by members around those who use Oracle services. It was proposed engagement with these should take place from the start. Workshops were being held to engage on the processes. Business Change Capability was being built into the system and processes. Gap analysis and looking at the controls would be taking place.

Upon consideration, it was:

617

RESOLVED:-

The Audit Committee;

- (i) Noted the details contained with the Oracle Implementation report.
 - (ii) Noted an update on the Management Review would be reported back to the Committee.
 - (iii) Noted the new Head of Compliance and Vetting would attend the next meeting and provide assurances on the work he was undertaking around Oracle.
 - (iv) Agreed for the updated timetable 2022-23 accounts to be shared with the Committee.
-

618

At this juncture, the Chair requested for the Equal Pay item to be discussed ahead on the Ombudsman briefing as the External Auditors had to leave and would not be present for the full duration of the meeting.

The Committee and the guest from the Ombudsman were content with the proposals and rearranging of the agenda.

REPORT ON EQUAL PAY

619

The following report of the Head of Paid Service, Interim Director of Finance & s151 Officer and City Solicitor & Monitoring Officer was submitted:-

(See document No.1 of the agenda pack)

The report was noted by the Committee and at 1456 hours, the Committee moved to the private session.

(Note: Minute 620 is in private)

RE-ADMITTANCE OF THE PUBLIC

621

At 1550 hours, following discussions on item 8, the report on Equal Pay Update, the Committee moved back into the public meeting.

(The Committee moved back to Item 8 on the agenda)

REPORT ON EQUAL PAY UPDATE (CONTINUED)

Upon consideration, it was:

622

RESOLVED:-

The Audit Committee noted the contents of the report and the exempt appendices.

At this juncture, the Chair noted there were a number of items still to go through on the agenda, items 6,9,10,11.

In relation to item 11 – Update from External Audit, the Key Partner confirmed there was no specific updates to share with the Committee at this stage.

Item – 9 and 10 – The Chair sought Councillor Perks view in relation to deferring these items. She was content for the items to be deferred to September's meeting and for an updated version to be shared. The Chair agreed with this in principle however, he would review the time remaining before a decision was made for postponing the item.

(The meeting moved back to Item 6 – Overview from the Local Government & Social Care Ombudsman (LGSCO) on the agenda).

OVERVIEW FROM THE LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN (LGSCO)

The Head of Practice Management made introductory comments. It was noted the Ombudsman Annual Letter had been released today (19 July 2023). A follow up briefing report would be provided to the Committee in a future meeting.

The Assistant Ombudsman provided a verbal briefing on the Local Government & Social Care Ombudsman. A summary was provided of who the Ombudsman were and what their role was. Further points were noted:

- The Ombudsman investigate complaints from members of the public; investigate complaints about Council, Adult Care Providers.
- The Ombudsman were independent and impartial had the same powers as the high court.
- Unique power to extend investigations – an example of where this was used was referred to (SEND in Birmingham).
- The process of the Ombudsman process was shared with the Committee.

Audit Committee – 19 July 2023

- Decisions or Public Interest Reports are shared with the Council. Public Interest reports must be presented to Committee as form as Democratic oversight.
- Details around recommendations to public Interest reports were shared. Service Improvements was an area for which Audit Committee had an oversight on.
- Birmingham City Council had 100% compliance in the Annual Audit Letter.
- An interactive map was available on the Ombudsman website indicating all the service improvements Birmingham had listed. This was highlighted as a useful tool for the Committee to use.
- The learning from thematic issues is placed together and focus reports or practitioner guidance are issued. There was a list of questions available for members to use as a tool to hold members to account.

Comments made on Birmingham by the Ombudsman

Birmingham had been very engaging and receptive with the Ombudsman. The uphold rate of complaints had increased 81-85% over the last few quarters which matched general trend across local authorities.

It was hoped more decisions would be made as 'satisfactory' remedied by the council themselves.

- Only 7% had been remedied as satisfactory and the benchmark was 11%.
- 100% compliance however there was some delay in providing evidence on the remedies.
- 24% of remedies are complied with late – 18% was the benchmark.

Members were provided with advice of how they should apply their role as members of the committee to public interest reports.

The Head of Practice Management provided assurances in response to the Annual Letter received. This was noted by the Committee and officers would explore how to code the issues raised by the Ombudsman. In addition, officers would provide a summary of issues raised ahead of any presentations delivered to the Committee.

No comments were made by members of the Committee.

The Chair thanked the Assistant Ombudsman for her attendance and welcomed a revisit in the future. It was noted, a representative for the Housing Ombudsman would be invited to a future meeting. Upon consideration, it was:

623

RESOLVED:-

The Audit Committee noted the briefing/ verbal update from the Local Government & Social Care Ombudsman.

INTERNAL AUDIT PROGRESS REPORT - APRIL TO JUNE 2023

The Committee agreed to defer this item to the next meeting.

Upon consideration, it was;

624

RESOLVED:-

The Internal Audit Progress Report – April to June 2023 would be deferred to the next meeting of the Committee.

At 1614 hours, Councillor Tilsley left the meeting.

RISK MANAGEMENT UPDATE

The following report of the Report of the Assistant Director Audit and Risk Management was submitted;

(See document 2 of the agenda pack).

The Chair suggested this document would need to be linked to the next meeting when the Chief Executive would be invited.

A summary of the report was provided by the Assistant Director Audit and Risk Management.

Three key new risks noted; i) Financial Resilience; ii) Oracle and iii) Equal Pay/ Job Evaluation.

Members referred to the differences for operational and strategic risks and this area would need to be explored. Process and action plans should be accessible and shared with Members, in particular internal audit reports. It was proposed. further details and explanations around the risks should be shared with the Committee (e.g. Safeguarding children – was this DBS checks, other risks). Officers to draw Committee members attention to key risks. The risk owners were responsible for the risks indicated on the heat mat (Corporate Leadership Team – CLT). The Assistant Director Audit and Risk Management provided advice on the risks indicated on the heat map only. Discussions around this area would need to take place with the Chief Executive.

The Key Partner, External Auditors highlighted it was not possible for one person to know all the risks in the Council. If the Committee was interested in a particular area, they would request for the Director to attend to provide assurances. This was previously undertaken through Assurance Sessions.

The Interim Director, S151 officer informed the Committee, Gallagher (advisors – insurance brokers) would be providing a session with Audit Committee, Cabinet and CLT. This would enable a check on the top priorities for the

Council. Currently there were 6 -7 risks indicated, 2 new risks. She highlighted the Assistant Director Audit and Risk Management could not provide responses to all the risks indicated as she was not the risk owner. Officers would be provided an executive summary on the current position on risks to the Committee.

This was welcomed by the Chair of the Committee.

Upon consideration, it was:

625

RESOLVED:-

The Audit Committee:

- (i) Noted the progress in implementing the Risk Management Framework and the assurance and oversight provided by the Council Leadership Team (CLT).
- (ii) Reviewed the strategic risks and provided feedback on where further explanation / information was required from risk owners in order to satisfy itself that the Risk Management Framework has been consistently applied.

UPDATE FROM EXTERNAL AUDIT

Earlier in this meeting, the External Auditors mentioned that updates would be provided at the next meeting.

Upon consideration, it was:

626

RESOLVED:-

The Audit Committee noted the updates from the External Auditors would be provided at the next meeting.

SCHEDULE OF OUTSTANDING MINUTES

627

Deferred to the next meeting.

628

DATE OF THE NEXT MEETING

An additional meeting to be arranged to address Equal Pay and risks management. Focused discussion inviting the Chief Executive.

If an additional meeting could not be arranged then the next meeting scheduled to take place was Wednesday, 27 September 2023 at 1400 hours in Committee Room 3 & 4, Council House.

AUTHORITY TO CHAIRMAN AND OFFICERS

629

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 1617 hours.

.....

CHAIR