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Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	Accounts				
1	Control Weakness - Payroll Leavers We recommend that management consider the adequacy of controls in place to ensure authorisation of leaver documents does not lead to payments being made to individuals once they have ceased employment.	To improve managerial compliance HR services will undertake the following: a) half yearly communication reminders to managers to remind them of their obligations where there are pay related requirements b) Monthly audit check of 'non-completed' actions which are items awaiting approval in a manager's worklist. c) Where there are repeat offenders the relevant Director will be notified and formal disciplinary action may be taken. Targeted training to be offered to those repeat offenders. d) Ensure People Solutions training in respect of 'Self-service' is completed as part of the induction. e) HR Services proactively chase managers where we have cause to believe an overpayment may arise.		Dawn Hewins	- November 2018: The first communication has been prepared and will be sent out shortly. November 2018: The check has been embedded into processes and is being completed on a monthly basis. November 2018: A monitoring system has been established and implemented. November 2018: Preparations are underway for a revised induction programme to be delivered. November 2018: This is included as part of the monthly checking and validation process.

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2	<p>Control Issue - Heritage Asset Valuations</p> <p>We recommend that management consider the appropriateness of these insurance valuations.</p>	<p>The appropriateness of the current approach to Heritage Asset valuations will be kept under review.</p>	<p>March 2019</p> <p>Completed</p>	<p>Martin Stevens</p>	<p>November 2018: The current method of accounting for heritage assets is compliant with the CIPFA Code of Practice.</p> <p>Alternative accounting methodologies have been considered. However, placing a 'market' valuation on heritage assets would give a significant range in value for the assets which would make it difficult to identify a figure that would be materially correct. The cost of undertaking such a valuation would not be economically viable.</p> <p>The insurance team meet with the Museums Trust on a regular basis to assess insurance valuations for the collections to determine a suitable level of cover.</p> <p>The consideration of valuations has been discussed with external auditors.</p>
3	<p>SAP-User Access</p> <p>We recommend that management considers which users need SAP_ALL access and removes access to this function where is it not required.</p>	<p>SAP BSC will carry out daily checks to monitor individuals who have access to SAP_ALL and any errant users will have their access revoked immediately.</p> <p>Capita ICTD will review all SAP_ALL access IDs and any that are out of use are removed.</p>	<p>Complete</p>	<p>Jan Perks</p> <p>Capita ICTDS</p>	<p>November 2018: SAP BSC continue to carry out daily checks to ensure that SAP_ALL has only been granted where formally requested and that the access is revoked at the earliest opportunity.</p> <p>November 2018: This has been completed.</p>

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4	Multiple Accounts Assigned to a single user We recommend that management considers which users need multiple accounts within SAP and removes access to those where this function where is it not required.	SAP BSC will carry out a monthly check to ensure that all Firefighters are valid. Access for Firefighters will be revoked where they are no longer required	Complete	Jan Perks	November 2018: A regular monthly check has been undertaken to ensure that all Firefighter IDs remain valid. November 2018: Firefighter IDs are removed at the earliest opportunity.
5	Under Accrual of waste invoices We recommend that the Council considers its controls in place to ensure other invoices are not paid before they are recognised within the ledger system.	The requirement to comply with the policies and procedures in respect of accounts payable will be reinforced through management team meetings. At year-end any significant unmatched purchase orders will be reviewed to determine the appropriateness of any accruals		Guy Olivant/Fazal Khan	November 2018: The Place Directorate Management, and Waste Management Teams have been reminded of the appropriate Policy and Procedures that need to be adhered to November 2018: As part of the preparations for the year end this issue recommendation will be implemented
6	Control weakness - HRA revaluation We recommend that a reconciliation control is put in place to ensure the prevention of similar errors in the future.	The timeline for the provision of HRA asset valuations will be reviewed with a view to allowing more time for effective reconciliation and consistency checks to be applied to the calculation of revaluation adjustments, whilst still ensuring that the valuations are materially correct as at the year-end date.		Guy Olivant	November 2018: Discussions have commenced with valuers to accelerate the timescales for provision of valuations, whilst ensuring that the accuracy of valuations is not compromised.

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7	<p>Control weakness – Business Rates Appeals</p> <p>We recommended that the Council accurately calculate out the amount of business rate appeals used in year which will result in an accurate figure for additional provisions to be made in year.</p>	<p>The figures will be analysed at the year end to determine whether there are any significant movements to the provision, either additional amounts required or provision withdrawn.</p>	<p>March 2019</p>	<p>Ian Harris</p>	<p>November 2018: The transactions relating to the appeals provision are monitored quarterly at a high summarised level to determine the amount of provision used in year. The figures will be analysed further at the year end to determine if the provision brought forward should be reduced or if additional provision is required.</p>

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	Value for Money				
1	<p>Budget Delivery and Reserves Management, as well as savings proposals</p> <p>We recommend that the Council deliver the elements of the statutory recommendation that relate to finance and transparency and governance (see page 5).</p>	<p>The Council will take the following steps to ensure that financial and performance monitoring is provided on a timely basis. This will be effected through:</p> <ul style="list-style-type: none"> Improving the quality and timeliness of monthly budget monitoring reports, which will allow for budget holders to take corrective action more appropriately. Introducing a star chamber for relevant Service Directors and Cabinet Members to meet the 		Clive Heaphy	<p>November 2018: The budget monitoring process has been reviewed in order to provide more timely reporting to CMT and EMT. CMT receives monthly reports within around 2 weeks of the month end. EMT receives monthly reports within a month of the previous month end. Reports are taken to Cabinet quarterly, generally within 6 weeks of the relevant month end.</p> <p>In addition, Resources Scrutiny Committee considers the quarterly Cabinet reports and the monthly EMT reports.</p> <p>CMT receives the monitoring report far earlier than previously, thus maximising the opportunity to understand the scale of any challenge and the time available to develop plans to address this.</p> <p>November 2018: Star Chamber meetings take place monthly between the Cabinet Member for Finance and</p>

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		<p>Cabinet Member for Finance and Resources and the Chief Finance Officer.</p> <ul style="list-style-type: none"> Tightening the use of reserves through Cabinet approval to ensure that recovery plans are considered before the use of reserves. The introduction of more formal scrutiny arrangements for the Council's finances in addition to the creation of a Capital Board chaired by the Leader. 			<p>Resources, the Corporate Director of Finance and Governance and each Corporate Director to discuss the revenue forecast for each Directorate and any mitigations that could be introduced in order to improve the Council's forecast outturn.</p> <p>November 2018: In order to provide transparency on use of reserves, a position statement is provided in each monthly monitoring report, including a comparison of current forecast use of reserves with the original budget.</p> <p>Any revised use of reserves has to be approved by Cabinet before it can be implemented. Use of reserves to mitigate overspends are not allowed and so the forecast variance provides an estimate without any mitigation from reserves.</p> <p>Some reserves which have been set aside for specific purposes are allowed to be used e.g. grants reserves.</p> <p>November 2018: Resources Scrutiny Committee considers the joint revenue and capital monitoring report on a monthly basis.</p> <p>The Capital Board has been meeting monthly since June, reviewing proposed business cases and monitoring information and to advise EMT on resource allocation and other capital</p>

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		<ul style="list-style-type: none"> The introduction of more robust arrangements for the programme and project management of the delivery of savings initiatives. 			<p>policies.</p> <p>November 2018: The budget planning and monitoring processes require each savings proposal to provide an implementation plan and provide progress updates on both the financial forecast and the forecast of when key milestones in the delivery of the saving will be achieved.</p> <p>Furthermore, the Council has reinvigorated its Corporate PMO function which is beginning to meet with Directorates in conjunction with Finance Business Partners to consider the delivery of the current savings programme.</p> <p>Furthermore, the PMO has been involved in the scrutiny of the implementation plans for the new savings programme which will be consulted on shortly.</p>
2	<p>The Panel</p> <p>We recommend that the Council implement the actions identified in its Improvement Stocktake Report and demonstrate measurable outcomes to the Panel</p>	<p>The Council will provide regular reports on progress against its self-assessment and improvement plans through monthly meetings with MHCLG and the BIIP and through the sharing of monthly finance summaries, performance management and Corporate Governance Plan documents.</p>		Jonathan Tew	<p>November 2018: The Committee engaged directly with the BIIP at their 25th September meeting to reflect on the contents of the Stocktake Report and actions undertaken by the Council since. Subsequently, meetings have taken place between the BIIP, MHCLG and the Council on a monthly basis, with minutes and updates to the Corporate</p>

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		Collaboration workshops have been put in place between the Council and the BIIP that will cover development issues such as performance management, homelessness and skills.			<p>Governance Plan subsequently circulated to all elected members such that, if they choose to do so, the Audit Committee can re-examine actions against the agreed plan. Performance and finance updates to Cabinet are similarly published on a monthly basis, and are available for Committee review.</p> <p>November 2018: Workshops have taken place against the three themes of skills, homelessness and performance management with notes circulated to all group leaders and outputs reported via the monthly cycle indicated above. Subsequent sessions are planned for January 2019.</p>
3	<p>Services for Vulnerable Children</p> <p>We recommend that the Council continue to demonstrate measurable improvements in services for vulnerable children through the Children's Trust</p>	<p>The Council manages its contract with Birmingham Children's Trust through an agreed set of performance measures. Monthly reports are provided through to ensure that the Trust remains on track, within agreed level of tolerances.</p>		Anne Ainsworth	<p>November 2018: Performance reported at the October meeting (month 6) shows that 14 out of the 15 agreed performance indicators were meeting their target (either above the target or within the accepted threshold for tolerance). In addition a strong focus is being placed on individual case audits and quality reviews with dedicated resource set aside to do this. Plans are underway for an expected Ofsted inspection.</p>

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4	Management of Schools We recommend that the Council increase the pace of improvement in schools governance arrangements to ensure that it can demonstrate to Ofsted that it has addressed the issues that it raised.	<p>1. A new school improvement contract has been agreed with Birmingham Education Partnership to run from 1 Sept 2018 for two years and a set of priorities and performance framework is being agreed.</p> <p>2. Stronger guidance has been provided to schools to ensure appropriate governance around finance to avoid the risks of schools moving into deficit. Where schools are demonstrating financial concerns a cross directorate group made up of School Financial Services, HR, Audit, Governor Support and Infrastructure works together to address wider concerns and co-ordinate support.</p> <p>3. A more focused programme of work has been agreed with Internal Audit to consider financial risks within schools. The Directorate Management team will review on a termly basis the work of Internal Audit with high risk reports acted upon.</p> <p>4. A Schools Causing Concern meeting takes place each month and there are regular conversations with Ofsted and the Regional Schools Commissioner.</p>		Anne Ainsworth	<p>November 2018: A contract for 2 years is in place with the Birmingham Education Partnership.</p> <p>November 2018: Monthly meeting of the schools financial governance group to co-ordinate action and identify early concerns. This group is also being used to focus audit activity on schools causing concern.</p> <p>November 2018: First audit report on schools financial management published and further work underway. Revision of the audit inspection framework for schools to be used from the beginning of November with a stronger focus on financial processes and strategic financial planning.</p> <p>November 2018: Ongoing schools causing concern meetings taking place and financial concerns are being fed into this work.</p>

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		5. A focus of the Education Safeguarding Board on addressing resilience in schools through providing support, advice and training on safeguarding and extremism.			November 2018: Latest meeting took place 23 October

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	Sec 24 Recommendations				
1	The Council needs to deliver its savings plans in 2018/19, in particular by identifying alternatives where existing plans are not deliverable, to mitigate the impact of the combined savings and budget pressure risks.	<p>A monthly star chamber process has been instigated whereby the Chief Finance Officer and the Cabinet Member for Finance and Resources meet with relevant Services Directors and their Cabinet Member to understand the reasons for the continuing forecasting overspend and to agree the mitigations which will lead to bringing forecast back within budget.</p> <p>Access to reserves as mitigation for base budget pressures and savings non-delivery has been severely restricted.</p> <p>The updated revenue (and capital) monitoring process is far more risk-focussed and concentrates on identifying solutions to issues and</p>		Clive Heaphy	<p>November 2018: Star Chamber meetings take place monthly between the Cabinet Member for Finance and Resources, the Corporate Director of Finance and Governance and each Corporate Director to discuss the revenue forecast for each Directorate and any mitigations that could be introduced in order to improve the Council's forecast outturn.</p> <p>November 2018: In order to provide transparency on use of reserves, a position statement is provided in each monthly report, including a comparison of current forecast use of reserves with the original budget.</p> <p>Any revised use of reserves has to be approved by Cabinet before it can be implemented. Use of reserves to mitigate overspends are not allowed and so the forecast variance provides an estimate without any mitigation from reserves.</p> <p>Some reserves which have been set aside for specific purposes are allowed to be used e.g. grants reserves.</p> <p>November 2018: The focus of the monthly Star Chamber sessions is to identify solutions that can be implemented to address any budget</p>

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		<p>delivering these solutions.</p> <p>More formal Scrutiny arrangements have been introduced for the Council's Finances and there is an expectation that areas of financial concern will be examined in detail.</p> <p>A Capital Board, chaired by the Leader, has been established to ensure that capital controls and monitoring are in place and that capital spend proposals are in line with the Council's objectives.</p> <p>The appointment of dedicated Business Partners will enable more collaborative working to be undertaken with budget holders to assess the financial implications of policy proposals along with robust implementation plans to reduce the likelihood of overspends.</p>			<p>challenges.</p> <p>The Capital monitoring process also focuses on the material variances which have the highest levels of inherent risk.</p> <p>November 2018: Resources Scrutiny Committee considers the quarterly Cabinet reports and the monthly EMT reports.</p> <p>Furthermore, the star chamber discussions examine the reasons behind budgetary issues in services.</p> <p>November 2018: The Capital Board has been meeting monthly since June to improve capital programme management prior to executive decisions</p> <p>November 2018: Finance Business Partners are now in post (with one remaining vacancy)</p>

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2	The Council needs to develop a realistic medium term financial plan for 2019/20 to 2021/22 which incorporates realistic and detailed savings plans and takes account of key budget and service risks.	<p>The Council is adopting a priority-based budgeting approach for future years that will align the use of financial resources with its policy priorities, and involve considerable use of performance, unit cost and trend information.</p> <p>The budget setting process will also focus on exploring opportunities for service re-design and partnership working and promote links to the development of capital and asset strategies.</p> <p>The process for the 2019/20 – 2022/23 four-year cycle commenced in May 2018 – considerably earlier than in previous years. A workshop took place in June and further workshops are planned in September and October 2018 prior to the draft budget being issued for consultation.</p> <p>The creation of a central Project Management Office (PMO) and robust business cases/implementation plans will enable delivery to be tracked and monitored with rigour.</p>		Clive Heapphy	<p>November 2018: The Council's Budget Process required each Directorate to consider proposals in the context of the Council Plan and also its performance and unit costs relative to relevant authorities.</p> <p>November 2018: The revenue budget process has been more closely aligned to the capital process. Both capital and revenue implications of proposals have been considered.</p> <p>November 2018 The consultation on new savings proposals has been issued a month earlier than in recent years (became public 6 November and consultation begins on 13 November)</p> <p>November 2018: PMO created and involved in consideration of the new savings proposals and their implementation plans.</p>

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3	The Council needs to ensure that it maintains an adequate level of reserves to mitigate the impact of budget risks, in particular one-off risks such as the Commonwealth Games and Equal Pay.	<p>The Council is developing a risk-based approach to identify an appropriate minimum level of reserves which it needs to hold to mitigate its risk profile and plans to manage those risks.</p> <p>The Council will keep risks under regular review to ensure that adequate resources are set aside where necessary as its risk profile changes.</p>		Clive Heaphy	<p>November 2018: The November Cabinet report on the Budget Consultation confirms that the assessed minimum balance of reserves will be reviewed for the MTFS update in February 2019.</p> <p>November 2018: Risks are reviewed monthly by CMT and quarterly by Audit Committee, including the risk profile and planned mitigations.</p>
4	The Council needs to ensure that its financial monitoring and budget reports are clear, transparent, and timely particularly in relation to the use of reserves, whether in-year or at year-end.	<p>Improvements in reporting will continue to be developed and the Council remains committed to open and full reporting. This includes working with the Finance and Resources Scrutiny Committee to improve accountability.</p> <p>Financial reporting will continue to evolve to ensure that members, the public and stakeholders have a clear picture of the council's finances and the opportunity to challenge and shape spending as budgets continue to fall.</p>		Clive Heaphy	<p>November 2018: The budget monitoring process has been reviewed in order to provide more timely reporting to CMT and EMT. CMT receives monthly reports within around 2 weeks of the month end. EMT receives monthly reports within a month of the previous month end. Reports are taken to Cabinet quarterly, generally within 6 weeks on the relevant month end. In addition, Resources Scrutiny Committee considers the quarterly Cabinet reports and the monthly EMT reports.</p> <p>November 2018: The consultation on new savings proposals has been issued a month earlier than in recent years (became public 6 November and consultation begins on 13 November)</p>

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5	The Council needs to report governance failures and emerging issues promptly and clearly to Members and local citizens.	<p>A full review of governance, including the governance of associated bodies and companies, is taking place.</p> <p>The Cabinet Committee - Group Company Governance (CC-GCG) Terms of Reference are being revised to ensure that it is able to provide effective oversight of the many stakeholder interests, including associated companies and bodies, where some of the greatest risks apply.</p>		Clive Heaphy	<p>November 2018: A cycle of governance reviews for material subsidiary and associated companies is planned as part of the CC-GCG programme and independent professional training took place on the 29 October 2018 to assist committee members in their review process. Officers will facilitate this and action recommendations under shareholder directions.</p> <p>The GBSLEP annual governance review is reported through GBSLEP public meetings, any issues or failures arising as a result of this will be reported to council members in their capacity as accountable body.</p> <p>A review of major capital works being implemented under company structures, their governance, project management and reporting processes is in place, assisted by external advisors. The capital board will receive update and progress reports in the first instance prior to onward reporting as appropriate.</p> <p>November 2018: The Terms of Reference for CC-GCG were considered by the committee at its meeting on 18 September. The committee resolved to meet on a monthly basis to maintain oversight of related companies and entities.</p>

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		<p>For matters within the Council, more transparent performance, financial and risk reporting will identify issues earlier to allow actions plans to be developed. The Council is working to improve the efficacy of its role as client in a number of key relationships (such as The Children's Trust) and ensuring that its role as stakeholder is clearly separated from its role as service deliverer where a conflict exists.</p> <p>The Council is working with the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) both in relation to the role of the Council as the Accountable Body and in establishing GBSLEP as an independent and self-controlling company in line with the findings of the Government's LEP review and the Ney Review.</p>			<p>A proposed workplan for CC-GCG has been developed and covers the regular reporting to members on requests to create new companies, the risks associated with companies and related parties, consideration of the risk assurances processes within companies and regular reporting by companies and by contact officers to cover a wide spread of the total activity.</p> <p>November 2018: The role of the client function and of contact officers will continue to be developed so that performance, financial and governance factors can be assessed and reported.</p> <p>Training has been provided to members of CC-GCG in respect of the shareholder role. Training will be cascaded to Council nominated directors and other relevant staff and will cover the differing roles of shareholder and contractor.</p> <p>November 2018 The Council has agreed a Joint Working Protocol and capital charging protocol with GBSLEP underpinned by a detailed SLA for financial and legal services which is currently in consultation. GBSLEP consultants, council officers and specialist advisors are working on the transfer of operations to a self-controlling company structure by April 2019.</p>

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6	The Council needs to ensure that appropriate arrangements are implemented in relation to the Council's subsidiary bodies, including regular financial reporting and Council nominees on subsidiary body boards, to ensure that emerging risks are monitored, reported and managed promptly.	<p>The shareholder role is discharged through the CC-GCG, with attendance by subsidiaries either on a cyclical timeframe or where there are concerns with a Council-owned company, on a more regular basis.</p> <p>The Intelligent Client Function is more robustly developed for some subsidiary bodies than others and the role of contact officers requires formal definition. This will form part of the work programme for CC-GCG in 2018, along with further development of the training package for officers and members who take up directorships.</p> <p>Risks within subsidiary bodies are formally reported to Audit Committee annually as part of an assurance</p>		Clive Heaphy	<p>November 2018: The workplan and timetable for the CC-GCG is being developed and regular reports of and presentations by the Council's subsidiary companies will be programmed into the timetable.</p> <p>The CC-GCG has been timetabled into the Committee calendar on a monthly basis and will be chaired by the Deputy Leader and be supported by senior officers.</p> <p>Training has been provided to members of CC-GCG on the role of directors within companies and on aspects of business planning and a consistent approach for constructive challenge. Training is planned for current directors nominated by the Council.</p> <p>November 2018: The role of client functions will be developed and implemented during the year to ensure that there remains a strong focus on the relationship with subsidiary companies.</p> <p>Client Officers will report to the CC-GCG on a regular basis in support of presentations by subsidiary companies.</p> <p>November 2018: CC-GCG will consider a regular report on the risks associated with subsidiary companies and emerging</p>

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		statement. The Council will extend this mechanism to capture emerging in-year risks.			issues will be identified at the earliest opportunity to allow consideration at the committee.
7	The Council needs to ensure that robust management and governance arrangements are put in place within the Place Directorate, particularly to ensure effective oversight of the waste service, to ensure that it delivers its financial and service objectives.	A new Memorandum of Understanding (MoU) is due for implementation in September 2018 and arrangements are being put in place to monitor performance and financial arrangements that will lead to improvements in services to the public and most particularly to recycling rates.		Rob James	<p>November 2018: Following extensive discussion with Trade Unions and the workforce the new operating model was implemented in September 2018. The new system involved the appointment of waste collection and recycling officer and moving to a five day working week for waste collection services. Collections rounds have been revamped to equalise the workload for crews and this has been achieved without changing the day of collection for the 360,000 properties affected.</p> <p>Collections are being monitored in addition to individual crew performance as well as that of the waste collection and recycling officers.</p> <p>The budget for the service will be adequate for the service being provided and monthly reports are provided to the Cabinet Member and to Finance Star Chamber.</p>