
REPORT FOR RESOLUTION

COMMITTEE: Audit Committee

DATE: 4th December 2008

SUBJECT: Audit Committee – development of a training and skills development plan

REPORT OF: The City Solicitor

PURPOSE OF REPORT:

To present a proposed training plan for Audit Committee members to ensure that they are well informed in order to fulfil their role.

RECOMMENDATIONS:

To approve the training and development plan for 2009/2010.

FINANCIAL CONSEQUENCES FOR REVENUE BUDGET: None

FINANCIAL CONSEQUENCES FOR CAPITAL BUDGET: None

WARDS AFFECTED:

None

IMPLICATIONS FOR:

Antipoverty	Equal Opportunities	Environment	Employment
No	No	No	No

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BACKGROUND DOCUMENTS:

Minutes of the Audit Committee – 2006-2008.

Background

1. The review of Audit Committee Effectiveness considered at the September meeting of the committee identified a number of areas for improvement which are to be addressed as part of a comprehensive action plan. The need for appropriate training and skills development was highlighted as a significant issue in ensuring that the Audit Committee was able to deliver a robust challenge environment within the Council.
2. A key requirement of an effective Audit Committee is a well informed membership who have substantial experience of the key areas to be considered by the Committee. Arguments have been mounted previously by CIPFA that the membership of the Committee should be separate from the wider functions of the Council. The Committee has always believed it to be essential that Manchester councillors are able to make a contribution at every level to the life of the Council and fulfil the wider duties of an elected representative serving the communities of Manchester. This breadth of experience of the working of the Council, and in particular in the field of scrutiny, is hugely empowering in terms of equipping members with the information and insights necessary to mount the necessary challenges to the fiduciary control of the Council. These skills will be complemented by those of the independent co-opted members of the Committee (see report earlier on this agenda) in terms of their specific and professional insight into financial best practice in the commercial financial sector.
3. Whilst the key skills are therefore well established it remains important that these continue to be honed to the work of the Audit Committee, specifically in terms of internal control and the emerging importance of the concepts of corporate governance.
4. From the establishment of the Audit Committee in 2006 a range of training has been provided by way of assisting members to improve their knowledge and understanding of some of the complex issues involved in the group accounts of Manchester City Council, arguably one of the most complex sets of public sector accounts in the UK. This has been largely targeted at the preparation of the Council's annual accounts and the important duty that the Committee has to perform in terms of scrutinising those accounts and passing them for external audit, but has also encompassed other key issues –

Role of the Audit Committee	June 2006
Structure of the Council's Final Accounts	June 2006
Preparation of the Council Accounts	June 2007
Changes in Accounting Arrangements	May 2008
Risk Management methodology	Jan 2007/June 2007
Introduction to Code of Corporate Governance	May 2008

5. Further related work will be necessary in relation to the transition to the International Accounting Standard in respect of the 2008/2009 accounts but there is also a pressing need to extend training into other areas.
6. Whilst elements of training and member development have therefore been addressed during the life of the Committee this has not been approached with the required methodology that enables effective measurement of improved capacity to address the often complex issues involved.
7. Officers have therefore developed a training and development programme that will be addressed in the year ahead (Appendix 1). Members are invited to consider this and to suggest any further elements that they would like to see included.. The programme includes an induction programme for new members with separate elements for elected members and independent members, recognising that whilst independent members will bring professional transferable skills they will need to be introduced to local authority decision making processes and structures, and to working in a political environment.
8. The objectives of training will be to ensure that the members of the Audit Committee are able to fulfil their Terms of Reference, and if possible match the Chartered Institute of Public Finance and Accountancy (CIPFA) recommended level of corporate skill in Finance, Risk Management, Audit, the Authority's governance and regulatory framework, and an understanding of the wider governance environment in which the Authority operates and the accountability structures within that environment.
9. The delivery mechanisms will vary. Whilst some will require discrete time to be set aside outside the Committee framework, good practice suggests that there should also be an opportunity to build at least one training/development item into the work programme for each ordinary meeting of the Committee.
10. The Council has an established budget for member development and training and this can be accessed to support external trainers or facilitators, or to fund members attendance on external training programmes

Appendix 1.

Draft Training and Development Plan.

Induction Training.

Elected Members.

The Principles of Audit and the functions of the Audit Committee.
The Role of the District Auditor.
The Role and Function of Internal Audit.
Introduction to the Council's Annual Accounts.
Introduction to the Council's Risk Management framework.

Independent Members.

Structure of Manchester City Council.
The management of the Council's finances.
The political context of local authority auditing.
The Role and Function of Internal Audit.
Introduction to the Council's Annual Accounts.
Introduction to the Council's Risk Management Strategy.

Training for Audit Committee Members 2009/2010.

Internal Control Environment.

Function of Internal Audit and the purpose of the Internal Audit Plan.
The challenge role of External Audit.
The relevance of associated inspection regimes to audit processes.
Corporate Governance.
Financial and risk environment.
Introduction of the International Financial Accounting Standard.

Scrutiny and Challenge.

Effective Use of Resources.
CAA inspection and assessment regime
Effective scrutiny of compliance with audit recommendations.
Robustness of Financial and Contract rules.
Fraud / whistle-blowing.