

Audit Committee

Present: Councillor Watson – In the Chair
Councillors Clayton, Isherwood, Lomax, Swannick, Trotman and Wheale.
Mr Andrew Caldwell and Mr John Tench – Independent Members.

Also Present: Sarah Howard and Gavin Blackstone, Grant Thornton (Auditors)

AC/09/14 Minutes

Decision

To approve as a correct record the minutes of the meeting held on 2nd April 2009. The Minutes were then signed by the Chair.

AC/09/15 Interim Report on the 2008/9 Accounts

The Committee considered a report of Grant Thornton on the interim accounts work that they were undertaking. Gavin Blackstone reported that the Council's recent IT difficulties had delayed the finalisation of a number of elements of work and that they would return to complete this at the beginning of June, however, the Committee was assured that this work was not related to core financial systems and that the finalisation of the 2008/9 accounts would not be delayed. These difficulties would however inform an IT Control report that would be brought to this Committee and would include new IT control and security recommendations. Members welcomed this in view of the major impact of the IT problems experienced during the year, and urged that the report was available during the final quarter of 2009.

Good progress was reported in agreeing issues prior to the preparation of the Final Accounts and the external auditors expressed satisfaction with the progress achieved by Internal Audit during the year, and with the improved challenge role carried out by the Audit Committee. The Committee was advised that issues around data security and the challenge of business continuity would be carefully scrutinised by the Audit Commission.

Members welcomed the report which was extremely positive about the progress being made in terms of Internal Audit, and which gave the Committee renewed confidence that it was having a constructive influential role within the Council. Reference was made to the planned report on the implementation of SAP and a member indicated that the report on this should include (a) information in relation to the extent to which projected efficiencies had been delivered, and (b) describe the impacts of the system on improved procurement.

Decision

To welcome the positive indicators in the report.

AC/09/16 Annual Audit Fee

The Committee considered a report by Grant Thornton setting out their proposed external audit work programme for 2009/10 and the associated fee commensurate with this level of activity.

Members referred to the work proposed in respect of the impact of the economic downturn on the Council's plans, and requested that this also addressed impacts on Council Tax and business rates collection so that this could inform the Council's medium term financial strategy.

The City Treasurer indicated that the element in relation to the Waste Disposal PFI could be deleted from the programme as the Audit Commission was the responsible body for undertaking this audit.

Decision

1. To note the report.
2. To note that the audit team for 2009/2010 will be unchanged and to welcome the continuity that this will provide.

Councillor Swannick declared a personal interest in this item as a member of the Greater Manchester Waste Disposal Authority.

AC/09/17 External Audit recommendation – quarterly monitoring report

The Committee considered a report of the Head of Performance charting progress in the implementation of recommendation arising from external audit reviews made over the past three audit years.

A member expressed caution regarding possible liabilities of partner organisations in the context of the current economic recession and received an assurance from the Head of Audit and Risk that the risks were already identified and that actions were in place to monitor both partners and contractors

Decision

1. To note the report.
2. To request that the final report in relation to the consolidation of grants and the grants protocol is brought to this Committee.

AC/09/18 Draft Annual Governance Statement

The Committee considered the draft Annual Governance Statement for 2009/2010.

The Chair referred to the detailed work done by the Sub Group of the Resources and Governance OSC and acknowledged the amendments made by the officers in response to issues raised by that Group.

Members were anxious that in the interests of transparency and probity the Statement should outline the framework and structure of governance in relation to the Members' Allowances Scheme, highlighting the independence of the review process through the Independent Remuneration Panel and making linkages to the Annual Report of the Standards Committee. It was agreed that a recommendation should be made to the Executive that clear information was made available in the public domain about the openness of the Council's processes related to councillors' allowances and expenses.

Members also asked the Council's auditors whether the governance statement reflected their experience of working with the Council and undertaking specific audits, and assurances were given that the statement was well balanced and consistent with their working experience.

Specifically referring to Paragraph 110 members recommended that the wording should be remodelled to better express what 'substantial assurance' covers and what is excluded.

Decision

1. To endorse the Draft Statement subject to the comments now made.
2. To recommend to the Executive that in the interests of transparency and probity the Annual Governance Statement should outline the framework and structure of governance in relation to the Members' Allowances Scheme, highlighting the independence of the review process for Member allowances through the Independent Remuneration Panel, and making linkages to the Annual Report of the Standards Committee, and that clear information is made available in the public domain about the openness and transparency of the Council's processes in relation to councillors' allowances and expenses.

AC/09/19 Internal Audit Plan 2008/9 – report on implementation and completion of the Plan and review of Internal Audit

The Committee considered a report of the Head of Audit and Risk providing an update on progress in the delivery of the Council's 2008/09 Internal Audit plan.

In outline the report identified that the delivery of the audit plan was near completion. With the majority of reports issued as final or draft. Management comments were awaited for a number of reports. The external auditor (Grant Thornton) had commenced their interim review of Internal Audit reports and files and arrangements

were being made in order that they can place reliance on the full year work of the Internal Audit service. The Committee noted that work had commenced on the mandatory and committed aspects of the 2009/10 audit plan including a number of secondary school audits. The final, agreed Internal Audit plan for 2009/10 would be presented to Audit Committee in June 2009.

Members considered that the completion of the Plan reflected a significant improvement in the management of the process and tremendous efforts made on the part of everyone involved in the face of many problems faced during the year, not least the IT difficulties. The Committee wished to congratulate the Internal Audit Team for its achievement.

The City Treasurer in his review of the Internal Audit Service acknowledged the way that audit processes within the Council had been reinvigorated during the year and the additional confidence that external agencies, including the Council's auditors could now place in its work. 2008/9 had been a transitional year for the Service, but significant changes had been delivered due to sound team effort that would continue to be built upon in 2009/10. Long standing difficulties in securing quality applicants for vacant posts continued to be experienced, despite the contraction of the banking and commercial finance sectors, though other successes had been achieved in the areas of training and personal development of staff. He also believed that the process was assisted by the positive and constructive interventions that the Audit Committee had made during the year.

Decision

To welcome the completion of the Internal Audit Plan and to extend congratulations to the Internal Audit Team for its achievement.

AC/09/20 New International Accounting Standard – project plan

The Committee noted the detailed and complex project plan to deliver the new standard, and the additional work that would be involved for accountancy staffs, valuation services and others in achieving the new standard.

AC/09/21 Audit Committee Training Plan

The Committee noted the Training Plan for 2009/10.

AC/09/22 Work Programme

The Committee noted the projected work programme for 2009/10. Officers indicated that this would need to be reviewed in the light of decision made at this meeting and that a revised programme would be brought to the next meeting.