

Audit Committee

Minutes of the meeting held on 4th December 2008

Present:

Councillor Watson – In the Chair
Councillors Clayton, Isherwood, Swannick, Trotman and Wheale.

Also Present by invitation:

Councillor Priest, Executive Member for Finance and Human Resources.

Unable to be present: Councillors Morrison and Smith.

AC/08/42 Minutes

Decision

To approve the minutes of the meeting held on 30th October 2008 as a correct record.

AC/08/43 Effectiveness Action Plan – progress update

The Committee was presented with a plan showing progress against the action plan agreed at the previous meeting.

Decision

To note the progress that has been made.

AC/08/44 Appointment of independent co-opted members

A report of the City Solicitor was submitted informing the Committee of a decision taken by the City Council on 3rd December to appoint Alan Caldwell and John Tench as independent co-opted members of the Committee.

Decision

To note the recommendation of the Constitutional and Nomination Committee and the subsequent decision of the City Council regarding the appointment of Andrew Caldwell and John Tench as non voting co-opted members of the Audit Committee for terms of office expiring on 31st December 2011.

AC/08/45 Development of a training and skills development plan

A report of the City Solicitor presenting a proposed training plan for Audit Committee members to ensure that they are well informed in order to fulfil their role.

The Committee accepted that a key requirement of an effective Audit Committee was a well informed membership who have substantial experience of the key areas to be considered by the Committee. Arguments had been mounted previously by CIPFA that the membership of the Committee should be separate from the wider functions of the Council. The Committee however had always believed it to be essential that Manchester councillors were 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, was accepted as being 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 would be complemented by those of the independent co-opted members of the Committee in terms of their specific and professional insight into financial best practice in the commercial financial sector.

Whilst the key skills were therefore well established it remained 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. Since 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 –

Officers had therefore developed a training and development programme that will be addressed in the year ahead and Members were invited to suggest any further elements that they would like to see included.. The programme included 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. 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.

Members considered that it would be useful initially for all members to participate in the proposed induction programme for new members by way of a refresher.

The Council's Auditors supported the plan and gave a commitment to assist in the delivery of relevant elements of training.

Decision

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

AC/08/46 Work Programme to June 2009

A report of the City Solicitor was submitted proposing a revised work programme for the period until June 2009. The report highlighted that in this, the third year of Audit Committee business, a clearer picture was emerging of the spread of business to be considered by the Committee in the delivery of a wide-ranging remit. Concerns had been expressed that the agenda for certain past meetings has been over-burdened. This was partly due to the consideration of items in which the Committee has to fulfil a statutory duty within a given timescale, but, that apart, it ought to be possible with better forward planning to structure a work programme that marries business items with those elements that are essentially immovable.

The proposed programme therefore identified all the items that the Interim Head of Internal Audit, the Head of Finance and Grant Thornton (the Council's Auditors) are proposing to report to the Committee in the period up to June 2009, those that the Committee has previously requested, together with items emerging from the Action Plan in relation to Audit Committee effectiveness. In future years the intention would be to marry the work programme to ensure that it is co-terminous with the Internal Audit Plan and other Council plans.

In agreeing the programme members asked that it be advanced to March 2010 to provide a longer term view of work to be undertaken, and officers were asked to present an extended programme to the next meeting

Decision

To approve the work programme in principle pending consideration of a revised programme to March 2010.

AC/08/47 Use of Resources and Data Quality 2008

A report of Grant Thornton, the Council's external auditors, was submitted highlighting the improvements that the Council had made in its use of resources arrangements during 2007/8 and the improved overall score.

Grant Thornton indicated that the revised Use of Resources score reflected a number of positive advances in key areas from which very positive messages were emerging, and that the recent actions introduced to strengthen the internal audit function gave reasonable assurance of further potential improvement. However the Committee was reminded that the new CAA assessment process would present new challenges and it was agreed that an early training session on the element already included in the training and development plan should be arranged. The auditors then responded to members' questions on points of detail.

Decision

To note the report and to welcome the improvements achieved.

AC/08/48 Data security

In response to a request by a member the Interim Head of Internal Audit reported on the theft of two laptops containing data in relation to 1700 Council staff following a break-in at Council offices. The Committee was assured that all of the staff concerned had been notified of the theft in writing, no home addresses or bank account details were included in the stolen data, but staff had still been offered free access to a credit reference agency as an added safeguard. The circumstance of the break-in continued to be an on-going investigation by the police though the value of the hardware was thought to be the driver in this incident rather than the value of the data.

Members thanked the officers for the actions that had been taken to reassure staff.