



**MANCHESTER CITY COUNCIL**

**EXTERNAL AUDIT PROGRESS REPORT - MARCH 2010**

Audit Area	Planned date	Complete?	Comments
<p><b>2008-09 Audit</b> Including:</p> <ul style="list-style-type: none"> <li>▪ Audit Plan</li> <li>▪ Interim audit</li> <li>▪ Corporate governance arrangements report</li> <li>▪ Information systems controls report</li> <li>▪ Annual accounts audit</li> <li>▪ Use of Resources assessment</li> <li>▪ Grants audit</li> <li>▪ Annual Audit Letter.</li> </ul>	June 2008 - December 2010	✓	<p>Our 2008-09 audit is now complete following the issue of our 2008-09 grants report in December 2009. We signed the Council's accounts and use of resources opinion on 25 September 2009.</p> <p>We summarised our 2008-09 audit work in our Annual Audit Letter, presented to the Committee on 14 January 2010.</p>
<p><b>2009-10 Audit fee letter</b></p> <ul style="list-style-type: none"> <li>▪ proposed 2009-10 audit fee</li> <li>▪ outline audit work programme.</li> </ul>	April 2009	✓	<p>We set out our proposed audit fee and work programme for 2009-10 in a letter to the City Treasurer in April 2009. The letter was presented and agreed by the Audit Committee on 22 May 2009.</p>
<p><b>2009 Use of Resources assessment</b> Including a review of the Council's arrangements against the new UoR framework across three themes:</p> <ul style="list-style-type: none"> <li>▪ managing finances</li> <li>▪ governing the business</li> <li>▪ managing resources.</li> </ul>	March - September 2009	✓	<p>We performed our review of the Council's arrangements against the Key Lines of Enquiry contained in each theme and scored the Council on a scale of 1-4, with the Council achieving an overall score of 2.</p> <p>We reported our findings to the Audit Committee on 29 October 2009.</p>
<p><b>2009-10 Accounts audit plan</b> We are required to issue a detailed Accounts audit plan to the Council by 31 December 2009, setting out our proposed approach in order to give an opinion on the Council's 2009-10 financial statements.</p>	December 2009	✓	<p>We produced a plan highlighting some of the key risks identified from our initial planning and discussion with the finance team and our proposed work to address those risks.</p> <p>The Accounts audit plan was presented and agreed at the Audit Committee on 14 January 2010.</p>

<p><b>Review of accounts and annual report</b></p> <p>Ahead of the accounts closedown process we will undertake an exercise to compare the Council's 2008/09 accounts to good practice examples in local government and other sectors with a view to making recommendations to improve the accessibility and presentation of the statements. The review will also cover the content of the annual report.</p> <p>We will work closely with officers in carrying out this exercise and will welcome views of Audit Committee members.</p>	<p>February - March 2010</p>		<p>We have circulated questionnaires to members and officers to seek views on the content of the accounts and annual report. We are using technical specialists within Grant Thornton to review the documents and propose improvements to the presentation and clarity of the accounts.</p> <p>We will share findings with management in a workshop to be held in March.</p>
<p><b>Partnership working review</b></p> <p>In our outline audit work programme we included a review of the Council's arrangements for working with key strategic partners. Our work will be a joint review of partnership arrangements with Manchester PCT.</p> <p>This review will look at the relationship between the Council and the PCT and focus specifically on joint working arrangements in place to deliver benefits to the local community through effective partnership working to drive financial efficiencies and benefits in the following areas:</p> <ul style="list-style-type: none"> <li>• improving local health services through the 'Securing our Shared Futures' programme</li> <li>• development and use of strategic plans to manage the joint estate of the Council and the PCT</li> <li>• sharing of good practice and use of joint procurement arrangements.</li> </ul>	<p>February - May 2010</p>		<p>A scope of our work in this area has been agreed with the Council and the PCT and fieldwork has started.</p> <p>The report arising from our review will be presented to the Audit Committee on 3 June 2010.</p>

<p><b>IT audits</b></p> <p>In our outline audit work programme we included a review of the Council's IT arrangements. This work will cover three areas:</p> <ul style="list-style-type: none"> <li>• IT governance</li> <li>• Information security management</li> <li>• SAP system review</li> </ul>	<p>February - April 2010</p>		<p>A scope of our work in these areas has been agreed with the Council and our work has commenced. The report arising from our review will be presented to the Audit Committee on 3 June 2010.</p>
<p><b>Project management review</b></p> <p>In our outline audit work programme we included a review of the Council's project management arrangements. We will use a sample of projects to test the effectiveness of the Council's risk management and performance management arrangements, drawing on specialist resource from within Grant Thornton.</p>	<p>March - May 2010</p>		<p>A proposed scope of our work in this area is being prepared to send to the Council for comment.</p>
<p><b>Interim Accounts audit</b></p> <p>Our interim fieldwork visit will include the following:</p> <ul style="list-style-type: none"> <li>▪ updated review of the Council's control environment</li> <li>▪ findings from our review of the Council's information and communication technology systems</li> <li>▪ review of internal audit work on core financial systems</li> <li>▪ updated review of arrangements to compile Annual Governance Statement</li> <li>▪ progress on prior year recommendations</li> <li>▪ early work on emerging accounting issues.</li> </ul>	<p>22 March - April 2010</p>		<p>To support the Council in planning for the 2009-10 accounts audit we held an accounts workshop for our local government clients on 5 February 2010.</p> <p>We have also been discussing accounting issues, such as PFI and IFRS implementation, with the Council's finance team on a regular basis in advance of the Council's publication of the 2009/10 draft accounts.</p> <p>Our Interim Report to those Charged with Governance, detailing matters arising from our interim audit, is due to be presented to the Committee on 3 June 2010.</p>

<p><b>2009-10 Final Accounts audit</b> Including:</p> <ul style="list-style-type: none"> <li>▪ audit of the 2009-10 financial statements</li> <li>▪ proposed opinion on the Council's accounts</li> <li>▪ proposed Value for Money conclusion.</li> </ul>	<p>5 July - September 2010</p>		<p>Our Annual Report to those Charged with Governance, detailing matters arising from our accounts audit, is due to be presented to the Committee on 30 September 2010.</p>
<p><b>2009-10 Annual Audit Letter</b> We are required by November 2010, to summarise our work performed at the Council, including:</p> <ul style="list-style-type: none"> <li>• accounts audit</li> <li>• use of resources assessment</li> <li>• grant claim certification.</li> </ul>	<p>November 2010</p>		<p>Our Annual Audit Letter will be presented to the Committee in December 2010.</p>
<p><b>2009-10 Grant claims report</b> Our review of the Council's 2009-10 grant claims will take place during the period August to December 2010.</p>	<p>August - December 2010</p>		<p>Our grants report will be discussed with management and presented to Audit Committee in December 2010.</p>
<p><b>2010 Use of Resources assessment:</b> Including a review of the Council's arrangements against the UoR framework across three themes:</p> <ul style="list-style-type: none"> <li>• managing finances</li> <li>• governing the business</li> <li>• managing resources.</li> </ul>	<p>March - September 2010</p>		<p>We have held regular meetings with the Council to discuss progress against the action plan which has been prepared to help the Council plan to improve its overall score. Our work will update our 2009 assessment, focussing on the key areas identified for improvement in the action plan. We will provide progress updates to management on a regular basis and summarise our findings for the Audit Committee in October 2010.</p>
<p><b>2010-11 Audit fee letter:</b></p> <ul style="list-style-type: none"> <li>▪ proposed 2010-11 audit fee</li> <li>▪ outline audit work programme.</li> </ul>	<p>March 2010</p>		<p>We will present our proposed audit fee and work programme for the 2010-11 audit year to Audit Committee in June 2010.</p>

**Grant Thornton UK LLP**  
**8 March 2010**