

Audit Committee

Minutes of the meeting held on 29 October 2009

Present: Councillor Watson – In the Chair
Councillors Clayton, Isherwood, Lomax, Morrison, Trotman and Swannick.

Also Present:
Councillor Priest – Executive Member for Finance and Human Resources
Gavin Blackstone, Grant Thornton.

AC/09/40 Minutes

Decision

To approve as a correct record the minutes of the meeting held on 24 September 2009.

AC/09/41 Use of Resources 2009

A report of Grant Thornton, the Council's external auditors, was submitted which summarised the key messages arising from the 2009 Use of Resources audit.

The Committee noted that the assessment had changed significantly under the new Comprehensive Area Assessment, which was introduced in April 2009. It was now more difficult to attain a high score. It was now not sufficient to have good policies and procedures in place, it was also necessary to demonstrate that they had been implemented effectively and were leading to improvements. Across the board over three quarters of councils scored level 3 or 4 in the 2008 assessment and in 2009 the majority of councils were now assessed at Level 2.

Manchester City Council's overall score had reduced from 3 to 2, however it was noted that significant progress had been made in several areas including development of strategic financial and business planning and improvements in governance arrangements, including the role of this Committee.

Members noted the key areas of development which the auditors felt would need to be carried out if the Council was to achieve a Level 3 score in 2010. These included risk management and ICT.

An annual report of effectiveness was issued in respect of the Standards Committee, and included reports on Member conduct. It was noted that there had not been any significant incidents during recent years and there were no current Members against whom any breaches of the Member Code of Conduct had been upheld and this supported the Council's assertion that there was a strong ethical framework and culture at Manchester City Council. The Committee noted that a review of the members' expenses disclosed within the draft 2008/09 accounts showed that all expenses had been approved through appropriate governance arrangements and levels of expense were in line with standard guidelines. It was also recognised that

procurement was an area of strength for the Council and its expertise was recognised regionally.

The Chair commented that the Committee needed to see the action plan to see how the Council should work toward achieving a level 3 score. She also asked what evidence was taken into account to demonstrate outcomes.

The representative of Grant Thornton advised that the Action Plan would be agreed shortly and could be provided to the Committee's next meeting. He added that evidence would be taken from a range of sources including performance indicators and customer surveys.

Decision

To request that Grant Thornton provide the action plan at the next meeting of this Committee and to express disappointment about the outcome of the audit.

AC/09/42 External Audit progress

The Committee noted an oral progress report by Grant Thornton on issues previously identified in their work programme.

AC/09/43 Risk Management

The Committee considered a report which had previously been presented to the Resource and Governance Overview and Scrutiny Committee Governance subgroup in September 2009. The report summarised how the Corporate Risk Management Team supports services in undertaking risk assessment and risk management and clarified how the Business Planning process was being used to embed risk management as a core management competency, used by all managers across the council in their day-to-day roles.

The Committee agreed with the view of the subgroup that the Corporate Risk Register should be revisited and updated on a more regular basis as it included many risks which had either been resolved or had come to fruition. They felt that the Register would be more useful as a live document and suggested it should be reviewed on a more regular basis.

Decision

To reinforce the view of the Governance subgroup that the Corporate Risk Register should be revisited and updated on a more regular basis and emphasise the need to recruit to the vacant risk manager positions as quickly as possible.

AC/09/44 Revenue Budget Update 2009/10

A report of the City Treasurer was submitted which summarised the Council's revenue budget position based on an assessment of expenditure to the end of August 2009.

A member expressed concern in relation to the projected overspend in departmental budgets of almost £4m and asked if this would continue to grow over time. The City Treasurer explained that this was a projection and that departmental managers were taking steps to reduce the overspend at the end of the year.

Decision

To note the contents of the report and look forward to a progress report later in the year.

AC/09/45 Exclusion of the Public

Decision

To exclude the public during consideration of the following item which involved consideration of exempt information relating to the financial or business affairs of particular persons, and public interest in maintaining the exemption outweighs the public interest in disclosing the information.

AC/09/46 School Closure Audits

Consideration was given to a report of the City Treasurer and Head of Internal Audit and Risk Management which summarised the key issues arising from internal audit work in respect of closing and merging schools, including schools moving to Academies during 2009/10.

Members noted the high level of responsibility placed on governors, particularly Chairs of Governors, regarding school closure. They recognised the need to support and provide the right information to school governors to enable them to carry out their role. They also felt that the presentation of financial information should be done in a clearer way. Officers from Internal Audit indicated a number of options which they were considering in order to provide governors with sufficient information and support to enable them to use the reports to carry out their duties in this area. One of the options included attending Governing Body meetings to present reports.

Decision

To note the report and support the emergent recommendations contained in the report.

(Councillors Clayton, Isherwood, Morrison and Wheale declared personal interests in this item as Governors of Local Education Authority schools. Councillor Trotman declared a prejudicial interest as Chair of Governors of Plant Hill High School and withdrew during discussion of this item).