



MANCHESTER CITY COUNCIL – AUDIT 2008/09

PROGRESS REPORT - MAY 2009

Work	Progress
<p>Interim accounts audit</p>	<p>Our interim accounts audit is ongoing. We have:</p> <ul style="list-style-type: none"> • followed up progress in implementing recommendations arising from our 2007/08 audit • reviewed the adequacy of systems of internal control (including review of the work of internal audit on core financial systems) • reviewed information technology systems • risk assessed our approach to the financial statements audit which starts at the end of June • undertaken work on emerging accounting issues, including the agreement of accounting treatment for issues including Local Stock Voluntary Transfer, investment valuations, early repayment of loan premiums and PFI accounting. <p>Due to delays in finalising Internal Audit reports, caused by the IT problems at the Council, we will need to carry out further work on several core financial systems in early June. The IT issues have also resulted in more detailed work by our IT auditors.</p> <p>Our interim report will be brought to the June Audit Committee.</p>
<p>International Financial Reporting Standards</p>	<p>We have met with the Council's IFRS Project Board and reviewed the Council's IFRS implementation project plan against guidance. We are continuing to liaise with the project team and are engaged in discussions around accounting for employee benefits and leases.</p>
<p>Review of corporate governance</p>	<p>In 2007/08 we produced a number of reports on corporate governance issues, including:</p>

	<ul style="list-style-type: none"> • internal audit arrangements • risk management arrangements • Audit Committee arrangements. <p>The Council's response to our 2007/08 conclusions and recommendations will be a key consideration in our Use of Resources assessment.</p> <p>Our follow up on action taken by the Council is ongoing, and we expect to report our findings to the June Audit Committee.</p>
Use of resources	<p>Our review of the Council's Use of Resources under the new Comprehensive Area Assessment (CAA) approach has continued throughout April and May. Meetings have been held with officers to review information supplied in response to our original 'gap analysis' which showed:</p> <ul style="list-style-type: none"> • our knowledge in each Key Line of Enquiry (KLoE) area based on previous Use of Resources work • additional evidence needed as a priority, to demonstrate achievement of minimum standards ('Level 2') <p>The Council has been able to demonstrate achievement of minimum standards for most KLoE areas, however further work is required to clarify Level 2 scores in the following KLoE areas:</p> <ul style="list-style-type: none"> • 2.2 does the organisation produce reliable data and information to support decision making and manage performance? (focussing on data security arrangements and business continuity planning) • 2.4 does the organisation manage its risks and maintain a sound system of internal control? (focussing on progress with implementation of previous audit recommendations on risk management arrangements) <p>We will submit provisional judgements to the Audit Commission by the end of May. There will then be a process of area challenge led by the Comprehensive Area Assessment Lead (CAAL) and an opportunity for further work, evidence gathering and refinement of scores over the summer. Final scores will be submitted at the end of August.</p>
School governance	<p>We have planned to review the Council's arrangements for efficiently obtaining school governance assurances, including:</p>

<p>arrangements</p>	<ul style="list-style-type: none"> • self certification around risk and financial management arrangements • audit arrangements • assessing the skills of governors • learning and incorporating lessons where arrangements have failed. <p>We have issued a briefing document to management and our work will commence in this area at the end of May. We expect to report the findings of this work to the September Audit Committee.</p>
<p>Performance Management</p>	<p>We have planned to review developments in performance management, including the Manchester Partnership, against assessment criteria collated from the Improvement and Development Agency (IDeA) 'Making performance management work' checklist, and Grant Thornton and Audit Commission management arrangement tools.</p> <p>Our work will be carried out in the summer and we will report the findings from our work to the September Audit Committee.</p>
<p>SAP Implementation</p>	<p>With support from our specialist IT resource, we have planned to review how the Council is evaluating the success of SAP in delivering expected improvements in financial management, reporting and streamlined business processes. We will review arrangements for managing resolution of any outstanding implementation issues. Our work will be carried out with reference to any internal SAP review work that takes place.</p> <p>We plan to undertake our work during July and we will report our findings to the September Audit Committee.</p>