

Audit Committee

Minutes of the meeting held on 11 March 2010

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

Also Present: Councillor Priest – Executive Member for Finance and Human Resources, Sarah Howard and Gavin Blackstone (Grant Thornton), Andrew Wells (Audit Commission).

AC/10/9 Minutes

Decision

To approve as a correct record the minutes of the meeting held on 14 January 2010, subject to these agreed changes:

- in minute AC/10/2 External Audit recommendations – progress monitoring:- the reference to "Greater Manchester Policy Authority" to be changed to "Greater Manchester Police Authority"

- in minute AC/10/5 Annual Audit Letter:- the second paragraph to read

"A member expressed disappointment that the Letter whilst containing high level messages did not present specific challenges to the Council in terms of what it needed to do going forward. The Auditors indicated that the Letter is a summary only and needed to be read in conjunction with the Organisational Assessment and Area Assessment."

- Alan Caldwell to be corrected to 'Andrew Caldwell'.

AC/10/10 Submission of Late Reports

Decision

To note the action taken by the Chair with regard to the number of late reports members had received for this meeting, and to request officers take steps to ensure reports for future meetings are available at the proper time.

AC/10/11 Audit Commission Publications

A report was submitted to inform us of the key findings of a recent Audit Commission publication "Under pressure: Tackling the financial challenge for councils of an ageing population". The publication urged organisations to work together to provide preventive and early intervention schemes, which enhance older people's

independence and quality of life and may provide better value for money than money spent on residential care

Decision

1. To note the report.
2. To request that the Executive Summary of the publication is sent to members of the Committee.
2. To request the Director of Adult Services report to us at our next meeting on the Audit Commission's recommendations.

AC/10/12 Comprehensive Area Assessment 2009

The Comprehensive Area Assessment (CAA) was the framework of independent assessment of local public services in England, introduced from April 2009. There are two key elements of CAA: Area Assessment and Organisational Assessment. The Area Assessment focuses on the prospects for better outcomes on local priorities and is an assessment of all public services. The Organisational Assessment is specific to the Council and comprises an assessment of the council's use of resources across three themes: managing finances; governing the business; and managing resources. It also includes a joint inspectorates' assessment of Managing Performance.

Andrew Wells of the Audit Commission explained to us they key findings for the Area Assessment for Manchester. The headline messages were that Manchester was a thriving city with growth in employment, improvements in transport, and an important role in the development of the city-region.

The assessment had included one 'Green Flag' for tackling gun crime and gang violence. The Green Flag indicating that the work in the city demonstrated exceptional performance or innovation that others could learn from. There was also one 'Red Flag' for school absence. This indicated an area of work where there were significant concerns and where further action was needed.

The report also drew attention to the issues going to be looked at in more detail in the 2010 assessment, including how older people are valued in the city and how partners are working together to tackle crime.

The Committee then considered the "CAA Area Assessment - Year 1 Action Plan" and the "Use of Resources Improvement Action Plan" that were appended to the report. It was explained that the first quarterly update on activity and progress was soon to be published by the Commission, and that they were in dialogue with the Council's officers to agree how best to describe the progress being made on the action plans, including progress on the Red Flag. It was hoped that the progress report would positively reflect the renewed efforts of partners to improve school absences, but it was also likely make it clear that further progress was needed.

The Committee expressed concern that some important actions set out in the action plans had no one identified as responsible for taking the action forward, nor timescales, nor measures of success defined. The Committee felt that further assurance was needed that all the actions in the action plans were being taken forward and that the overall plans were sufficiently robust to see an improvement in the assessments for 2010. Members called for updated and complete versions of both plans to be considered at the next meeting of the Committee.

Decision

1. To note the report.
2. To request officers report to the next meeting of the Committee on the updating of, and progress with, the two action plans.

AC/10/12 Internal Audit 2010/11 Emergent Plan

A report from the City Treasurer was submitted setting out the emerging themes, risks and issues that were influencing the development of the 2010/11 Internal Audit Plan. It was explained that a risk based approach would be used to decide the final plan, but that the emerging influences included lessons learned from the 2009/10 audits, developing national priorities, and the key strategies and objectives for the Council for 2010 to 2013. The Head of Internal Audit and Risk Management was able to provide the Committee with reasonable assurance that the staffing resources available would be sufficient to implement the plan, at the present levels of risk in the Council.

Decision

That the development of the plan was proceeding appropriately with the final version to be presented to the next meeting of the Committee for approval.

AC/10/13 Internal Audit Recommendations Monitoring

The Committee received the latest quarterly progress report on the implementation of recommendations contained in reports issued by the Internal Audit service. The report showed progress in reducing the number of outstanding recommendations. However, as of 5 March 2010 there were 75 of the outstanding recommendations that had missed their agreed implementation dates.

The Committee expressed its concern that a number of significant recommendations relating to ICT were overdue. Members sought assurance that sufficient progress was being made on these. The Head of Internal Audit and Risk Management explained that the next quarterly report was expected to show that significant progress had been made, based on the evidence he had seen in the draft reports of recently completed audits. Sarah Howard of Grant Thornton also explained the follow-up work that the external auditors were going to do to check progress on ICT

recommendations, and that those findings would be report to the Committee in due course.

The Committee also noted that some of the recommendations arising from the business continuity audit of Neighbourhood Services were still outstanding and were almost a year behind their agreed implementation date. The Head of Internal Audit and Risk Management agreed to pass the Committee's concerns to the senior manager responsible.

Decision

To note the report and welcome the overall progress that has been achieved.

AC/10/14 Internal Audit Annual Assurance Statement 2009/10

A report was submitted by the Head of Internal Audit and Risk Management to give the Committee his annual assurance report for 2009/10.

The overall opinion of the Head of Internal Audit and Risk Management was that he could provide **substantial** assurance that the Council's systems of governance, risk management and internal control are generally sound and operate reasonably consistently across departments.

The key governance, risk management and internal control issues of which Internal Audit had been made aware during the year were:

- Schools closing, transferring to new premises and moving to Academies had presented significant concerns in the year. Controls over the preparations and execution of plans for closing schools raised financial management, asset management, purchasing and security issues across a number of projects. Management actions have been taken and are ongoing to prevent reoccurrence of similar issues in future.
- Recent audits of safeguarding records in Adults and Children's Services identified significant non-compliance with documentation standards in the new MiCare system. Adult Services in particular gave rise to some significant concerns but we can confirm that management responded to our reports promptly and agreed a series of urgent actions to be taken to reduce the Council's exposure to risk in this area.
- Financial management, procurement and governance issues were identified in a number of different audits of schools in the year. Whilst progress has been made in developing support and challenge mechanisms in the year the inherent difficulties in driving school improvement means there are ongoing risks in these areas.

Members noted that ICT issues were no longer included in this summary of key risks. There was a general view that the Committee had not yet seen sufficient evidence of the progress made to be assured that the level of risk had adequately reduced. The

Committee would continue to pay attention to ICT at future meetings, including the findings of follow-up audits.

Members were pleased to see that the arrangements over data quality had been strengthened in the year but noted with concern the conclusions of the work on MiCare records in Adult Services, and asked for a further report on this.

Decision

1. To accept the report subject to the Committee's continuing concern over ICT being noted.
2. To request that the Director of Adult Service report to the next meeting of the Committee on the maintenance of records for adult safeguarding cases.

AC/10/15 Risk Management Policy and Strategy

The City Treasurer submitted for approval an updated Risk Management Strategy and Policy. The changes to the strategy and policy were welcomed by the Committee. One amendment was proposed and agreed, to amend paragraph 2.7 to include the importance of risk management being embedded in the Council's work and to articulate the expectation that everyone will use risk management.

Decision

To endorse the updated and refreshed Risk management Strategy and Policy incorporating the agreed amendment.

AC/10/16 External Audit Progress Report

Grant Thornton, the external auditors, presented their progress report for March 2010.

Decision

To note the report.

AC/10/17 Mr A Caldwell

Mr Caldwell was stepping down as a member of the Committee.

Decision

To thank Mr A Caldwell for his help and service to the Committee since he joined as an Independent Co-opted member in 2009, and to wish Mr Caldwell the best for the new career he was about to embark upon.

AC/10/18 Councillor Isherwood

Councillor Isherwood was stepping down as a member of the Committee.

Decision

To thank Councillor Isherwood for his service and support to the Committee, noting that Councillor Isherwood would not be standing for re-election to the Council in May thereby making this his last meeting as a member of the Committee. To wish Councillor Isherwood the best for his retirement from the City Council.