

## **Audit Committee**

### **Minutes of the meeting held on 14<sup>th</sup> January 2010**

**Present:** Councillor Watson – In the Chair  
Councillors Clayton, Isherwood, Lomax, Morrison, Trotman and Swannick.  
Mr Alan Caldwell and Mr John Tench

**Also Present::** Councillor Priest – Executive Member for Finance and Human Resources; Sarah Howard and Gavin Blackstone (Grant Thornton)

#### **AC/10/1 Minutes**

##### **Decision**

To approve as a correct record the minutes of the meeting held on 3<sup>rd</sup> December 2009.

#### **AC/10/2 External Audit recommendations – progress monitoring**

Consideration was given to a report of the Chief Executive providing a quarterly progress report on the implementation of outstanding recommendations from external audit work across the Authority by the Audit Commission and Grant Thornton during the last three audit years.

Members expressed satisfaction that the report presented the Committee with an improved picture of overall activity, such that they were able to be significantly more assured about the range of measures in hand and the realistic targets for completion of the work. However, the measures as reported remained un-audited and full assurance would only be obtained when the Council's auditors had undertaken follow-up audits, but the auditors did agree that the information in the report would be used as a useful starting point for that follow-up work.

Discussion ensued about a number of elements of work in relation to ICT, and specifically in relation to the emerging Corporate ICT security policy, and where responsibility would rest for final approval of that policy. The Executive Member for Finance and Human Resources suggested that approval of the policy should rest with senior management following reference to the appropriate committee, and this was accepted by the Committee as an acceptable way of ensuring that there was member-level input in the process. There was also discussion about the proposal to document and manage all software licences, a member suggesting that this was only warranted in relation to those licences that were mission critical. The Assistant Chief Executive suggested that policy and practice issues of this detail would best be addressed to the Head of ICT at a future meeting.

Concerns were expressed about the lack of progress in taking forward the recommendation that the Council explored with the PCT the financial and other benefits of arrangements to share assets, principally premises. The City Treasurer

indicated that a number of meetings had been held but the Trust's preoccupation with budgetary pressures had prevented full engagement in this initiative, though the Council remained committed to explore opportunities for shared usage that would benefit both organisations. It was agreed that the recommendation should be retained on the action list to enable the Committee to monitor progress.

Referring to the review of the risk management strategy and the recommendation *that the Council engaged with partner organisations to embed risk management processes*, a member asked officers what progress had been made to secure that engagement and whether there was a perceived willingness to strategically embrace this at Partnership level. The Chair informed the meeting that discussions held previously between the Resources and Governance Overview and Scrutiny Committee and senior representatives from Greater Manchester Policy Authority and Greater Manchester Fire and Rescue Service had provided that committee with adequate re-assurance about the level of commitment to implement risk management practices. The Assistant Chief Executive also indicated that significant work had also been done within a range of partnership structures, and the report plotted specific actions over the next quarter that would ensure that action to address the original recommendation was complete by June 2010.

### **Decision**

To note the report and the progress that is being made to action individual recommendations, and to thank the officers for the significant work that has gone into presenting the Committee with a comprehensively understandable report that provided greater assurance than previously that the Council was on track to deliver on the majority of recommendations.

(Councillor Swannick declared personal and prejudicial interests in relation to this item in terms of references in the report to Manchester PCT and withdrew from the meeting when those aspects of the report were being considered)

### **AC/10/3 Comprehensive Area Assessment 2009**

A report of the Assistant Chief Executive outlining the judgements and key messages arising from the Audit Commission's 2009 Comprehensive Area Assessment and Organisational Assessment was submitted.

### **Decision**

1. To defer consideration of the report to the next meeting.
2. To request (a) that the full Audit Commission report and Organisational Assessment report are made available to the next meeting (b) that Mr James Foster, or an equivalent officer from the Commission attends the meeting to present the report, and (c) that the officers' report fully exemplifies how the recommendations for future action or development will be progressed and within what timescale, and where responsibility will lie for individual actions within the Council.

## **AC/10/4 Grants Report 2008/9**

Consideration was given to a report by the Council's Auditors (Grant Thornton) on the Authority's performance in relation to grants. The report highlighted that the Council received 30 grant claims and returns from government departments and other bodies requiring external audit certification in 2008-09, representing income in excess of £618 million. The report summarises the overall assessment of the Council's management arrangements in respect of the certification process and drew attention to significant matters in relation to individual claims. Thirteen claims required amendment, three of which resulted in an overall decrease of funding of £18,000, in the context of total funding of £618m. The Housing and Council Tax Benefit return required qualification with a potential impact of reducing funding by £30,000. Overall the Auditors indicated that the Council was performing well, had good management arrangements in place, and, by comparison with other authorities, had a low degree of qualifications.

Reference was made to the role of the Grants Co-ordinator and the significant improvements that had been secured in terms of the timely submission of claims for audit, 90% of claims being submitted by the due date, and members sought assurances from the City Treasurer that the current temporary cover arrangements for this post would enable that momentum to be maintained. The City Treasurer advised the Committee that the post was part of the restructuring of the Finance Section and that the role would be filled as part of that process.

### **Decision**

1. To welcome the report, to note the positive contribution that a dedicated Grants Coordinator has brought to this work, and the opinion of the Council's auditors that the Council is performing well in this area, and to urge the City Treasurer to ensure that the momentum from the dedicated Grants Co-ordinator is maintained following the restructure of the Finance Group.
2. To request the officers to include the qualifications raised in relation to the Northwest Development Agency claims in respect of the World Swimming Championships as part of the proposed action plan from the report.

## **AC/10/5 Annual Audit Letter 2008/9**

Consideration was given to the Council's Auditor's (Grant Thornton) Annual Audit Letter which summarised the key issues arising from their 2008/09 audit of Manchester City Council. The letter is intended to summarise, for external stakeholders and members of the public, the key issues arising from the auditors work.

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 needed to be read in conjunction with the Inspection Letter which did give specific guidance about future recommended actions.

## **Decision**

To note the purpose of the Annual Audit Letter and its relationship to individual audit reports previously submitted during the year and to the CAA outcomes.

### **AC/10/6 Accounts Audit Plan 2009/10**

Consideration was given to a report of the Council's Auditors (Grant Thornton) setting out their accounts audit plan of the work that they would be carrying out in giving an opinion on the Council's 2009/2010 financial statements.

Reference was made to the changes to accounting rules that will require PFI transactions to be incorporated into the Council's accounts, and members were assured by the City Treasurer that the implications for the Council budget would be cost neutral. Discussion also ensued in relation to 'materiality' and the proposal that the accounts would only highlight accounting errors in excess of £100k, and members indicated that for the purpose of this Committee's review of the Annual Accounts details of the number of errors less than £100k should be reported to give the Committee a broader picture.

## **Decision**

To note the Audit Plan.

### **AC/10/7 Internal Audit Progress Report 2009/10**

Consideration was given to a report of the City Treasurer and Head of Internal Audit and Risk Management updating the Committee on progress in the delivery of the Internal Audit Plan for 2009/10.

## **Decision**

To note the report, to welcome the progress being made and the assurance from the officers that, despite the intervention of unplanned work, the Council is on target to deliver the 2009/10 Plan.

(Councillor Trotman declared a personal interest in this item as a governor of Plant Hill High School)

### **AC/10/8 Global Budget monitoring report**

Consideration was given to a report of the City Treasurer that was considered by the Executive on 16<sup>th</sup> December and which summarised the overall position on the Council's revenue budget.

## **Decision**

To note the report and to request the City Treasurer to respond to detailed questions from a member in relation to the Private Sector Housing budget, and the extent to which the quoted figures in relation to Council Tax reflect current levels of property occupancy in the city.