

Bristol City Council

Progress report

January 2010

# 1 Progress report

## 1.1 Introduction

Reflecting the annual timetable for external audit, we present our outline Audit Planning Memorandum, to the Audit Committee in April each year. We noted, at that time, that our plan was prepared, based upon our initial assessment of risk, on our understanding of the impact of the Audit Commission's updated Code of Audit Practice (the Code); and on our expected contribution to work to be mandated by the Audit Commission. As we indicated in the plan, our audit responsibilities involve us in making three formal conclusions, as follows:

- opinion on the Council's annual financial statements;
- opinion on the adequacy of the Council's use of resources; and
- assessment of the Council's wider arrangements for ensuring value for money in its use of resources; through our work undertaken under the new Use of Resources approach, delivered as part of Comprehensive Area Assessment (CAA)

Overall, our work is progressing as planned. The following sections summarise the progress of our 2008-09 and 2009-10 audit plans of Bristol City Council, as at 31 December 2009.

## 1.2 2008-09 audit progress

To comply with requirements set out by the Audit Commission, the overall timetable for finalisation of the 2008-09 Annual Audit Letter (AAL) has come forward three months to December 2009, this has previously been reported to the Council in March/April each year. The AAL summarises the key messages from audit work undertaken throughout the year and is included as a separate report to members as part of this committee.

Overall, our work for 2008-09 is substantially complete, however some project work will continue into early 2010. These projects will be subject to separate reports and will also be summarised in the 2009-10 Annual Audit Letter. A summary of the status of these ongoing projects are set out below:

- **Review of the West of England Partnership governance arrangements (joint review with Audit Commission)** - Fieldwork has been completed and report has been issued. An action plan has been completed and is awaiting final confirmation from Chief Executives at each of the Councils to enable final publication.
- **Financial Standing review** - Fieldwork has been completed and draft report is currently being prepared.
- **Follow up review of Redland Green project, using Museum of Bristol as a tracer** - A project scope is currently being drafted for this review. Fieldwork will commence in January 2010.
- **Asset management review** - The project scope is currently being drafted for this review. Fieldwork will commence in January 2010.

- **Governance and review of effectiveness of Audit Committee** - This work will be informed through ongoing observations of the Audit Committee and a formal assessment of its arrangements using the Audit Committee Assessment Checklist produced by the Chartered Institute of Public Finance and Accountancy (CIPFA). We will look to report these findings by March 2010, to inform the Audit Committee's annual report.

### **1.3 2009-10 audit progress**

#### **Use of Resources Assessment**

The Code of Audit Practice requires us to issue a conclusion on whether the Council has proper arrangements in place for securing economy, efficiency and effectiveness in the use of resources. Alongside this statutory responsibility, auditors of local authorities are also required to give a qualitative assessment, through 'Use of Resources' judgements, of the relative effectiveness of those arrangements as part of the Audit Commission's approach under Comprehensive Area Assessment.

2008-09 was the first year of this assessment under the new Use of Resources regime and the results of this work were reported to the November Audit Committee. We have now discussed and agreed an action plan with officers to address recommendations arising from this work. The final report is included separately on this Audit Committee agenda.

For 2009-10, the overall timetable for the completion of this assessment has come forward from last year. We are required to prepare indicative assessments of the Council's arrangements by the end of April 2010. The Council has prepared a self assessment to support our work, focussing on the changes that have been made by the Council since the time of the last assessment. An outline timetable of fieldwork has been agreed with officers and work will be undertaken in stages to deliver the work in line with national requirements.

We have already commenced the fieldwork to update our assessment of the Council's performance against the Key Lines of Enquiry (KLOEs) for 2009-10. Regular meetings have been held with officers to discuss the assessment and these will continue over the next few months. For 2009-10, under the requirements of the Code of Audit Practice we are not required to reassess KLOE 3.1 Managing Natural Resources. However, KLOE 3.3 Workforce Management will be assessed for the first time this year.

#### **Financial Statements Audit**

Our interim audit visit for the financial statements will commence in April 2010. We met with officers from the Council's finance team in December 2009 to discuss further our recommendations arising from the audit of the 2008-09 financial statements and identify specific areas where improvements can be made for 2009-10. We will continue to work with the Council's finance team to provide support where required.

#### **2009-10 Risk based project work**

We have, over the last month, met with a number of senior council officers to consider potential areas of scope for our programme of project work for 2009-10. These are expected to include:

- Review of business transformation; and
- Delivering value for money through joint working.

We have issued our draft scope for Business Transformation to officers and it is expected that fieldwork will commence in late January 2010. Our proposed scope for the second project highlighted is currently under consideration by senior officers.



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