

**BRISTOL CITY COUNCIL
AUDIT COMMITTEE**

15 January 2010

Report of: Strategic Director (Resources)

Title: Review of Implementation of Grant Thornton Recommendations

Ward: Citywide

Officer presenting report: Richard Powell, Chief Internal Auditor

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RECOMMENDATION

The Audit Committee note, and comment as appropriate, on managements progress with implementation of Grant Thornton's high priority recommendations.

Summary

Attached to this report is a summary of progress towards implementation of high priority recommendations made by Grant Thornton.

The significant issues in the report are:

- the progress being made against high priority recommendations

Policy

It is considered good practice to have a procedure for monitoring the Council's progress in implementing External Auditor recommendations. The Audit Committee agreed at its 25th September meeting to receive in future a regular report of progress against all Grant Thornton high risk recommendations.

Consultation

Internal: Strategic Director of Resources requested review. Responsible Officers contacted for progress.

External: None necessary

Background and Introduction

1. It has been agreed with the Strategic Director of Resources that Internal Audit will, in future, monitor implementation of the high priority recommendations made by Grant Thornton since they became the Council's External Auditors. Internal Audit resources are not currently sufficient to enable a full and independent follow up of recommendations ourselves. Therefore follow up will be by way of obtaining management responses only regarding the current position in respect of each area. This report is a retrospective review and summary of the progress made to date against all Grant Thornton high risk recommendations.
2. Since their appointment as our External Auditors, Grant Thornton have issued ten reports (excluding Use of Resources) containing forty-eight high risk recommendations. Responses were requested from management and the table below details progress made. Where a recommendation has not yet been implemented or where a response has not been received further details are included in Appendix A.

Report	Report Date	No High Priority Recs	Implemented	In Progress	Not Implemented	Response not yet received
Capital Project Management	Feb 2008	3	3			
Scrutiny Arrangements	Jun 2008	6	5	1		
HR Strategy and Processes	Mar 2009	7	2	5		
Risk Management	Sep 2008	9	6*	3		
Tackling Health Inequalities	Sep 2008	6	6			
Performance Management within Mental Health Services	Feb 2009	3	2			1
Governance Report	Sep 2008	4	3	1		
Data Quality	Dec 2008	0				
2008-09 Budget Setting Arrangements	Dec 2008	5	3	1		1
Annual Audit and Inspection Letter	Mar 2009	5	1	2		2
Total so far		48	31	13		4

* Some of these recommendations were part implemented and part in progress

3. Management responses will be monitored and obtained for high priority recommendations only.
4. Internal Audit will enter their comments in the report where more information about the area is known from other planned internal audit work undertaken.
5. Grant Thornton will provide Internal Audit with copies of all reports they

issue and liaise with us should they do follow up to avoid duplication of work.

Other Options Considered

None necessary

Risk Assessment

Monitoring of implementation of high risk recommendations is a valuable contribution to the Council's governance and risk management framework.

Equalities Impact Assessment

None required for this report.

Legal and Resource Implications

Legal - none sought.

Resources - none arising from this report.

Appendices: Appendix A - **Review of Implementation of Grant Thornton Recommendations as at November 2009.**

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: None

Review of Implementation of Grant Thornton Recommendations

GT Ref.	Recommendation	Priority	Management Response	Officer Responsible	Due Date	Current Status of Implementation
Review of Scrutiny Arrangements						
	<p>We recommend that each commission having agreed which areas of work to prioritise on in the coming year, should agree specific objectives against which impact and effectiveness can be evaluated.</p>	H	<p>This will need to be developed. Scrutiny Officers will review best practice in other authorities in relation to monitoring impact of scrutiny. The Annual Report provides an evaluation of scrutiny outputs - this can also be quantified. Eg. no. of referrals. Impacts/outputs can be made explicit in the regular reports back to OSM from commissions.</p>	<p>Kathy Eastwood - Policy and Scrutiny Manager Shana Johnson - Principal Scrutiny Officer to co-ordinate All Scrutiny Officers through commissions</p>	Sept/Oct 2008	<p>In Progress: Evaluation of scrutiny impact through prioritised work programmes will be evaluated at the last scrutiny meetings of the municipal year.</p> <p>OSM will receive a 6 monthly update on scrutiny outcomes to its meeting in February 2010. The February meeting will also consider best practice in relation to current national developments in relation to scrutiny of partnerships, models of scrutiny, co-options and addressing equalities issues</p> <p>The Scrutiny Annual Report will summarise the key outputs.</p> <p>Scrutiny Officers: An Overview and Scrutiny Annual Report was produced for 2008/09 which evaluated for each scrutiny commission an 'Evaluation of the Committee's Work' looking at performance against work programme, recommendations made, any limitation or capacity issues.</p> <p>A Scrutiny Work Programming Setting Questionnaire was issued for 2008 to determine member, officer and co-optee opinions on the effectiveness of the process.</p>

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Review of HR Strategy and Processes						
	HR should support and embrace strategic change through leading by example and ensuring the HR function provides a first class customer focused HR Service to the council.	H	The transformation programme will include a restructuring of strategic and transactional HR services. The latter will be incorporated into a Shared Transactional Service Centre (STSC), which will focus upon the delivery (to clients) of cost effective services and improved systems.	David Trussler and Robert Britton:	October 2009 (and ongoing)	In progress: STS HR – Operational HR services have been separated from strategic HR functions. STS HR goes live on 7 December 2009 (STS Finance & Procurement went live on 30 November 2009).
	The HR function should ensure that it provides feedback to users to demonstrate the changes and outcomes as a result of consultation	H	New customer monitoring and feedback will be introduced as part of the performance monitoring arrangements for the STSC.	David Trussler:	October 2009	In progress: STS HR goes live on 7 December 2009 (STS Finance & Procurement went live on 30 November 2009) which will introduce customer monitoring and feedback.
	The HR function should demonstrate improvements made from the feedback of the customer monitoring forms and satisfactions surveys.	H	New customer monitoring and feedback will be introduced as part of the performance monitoring arrangements for the STSC.	David Trussler:	October 2009	In progress: STS HR goes live on 7 December 2009 (STS Finance & Procurement went live on 30 November 2009) which will introduce customer monitoring and feedback.
	The HR function should ensure Personnel e-forms are implemented in order to improve efficiency and administration;	H	E-forms have been implemented for payroll and recruitment. They will be implemented for personnel administration and travelling expenses following the transfer to the Vision HR system (March 2009)	Robert Britton, Gerald Benneworth, Chris Dagger:	April 2006 to March 2010	In Progress: Implementation has been delayed pending new “server” for Vision being installed and “service manager on line” being implemented. This responsibility transfers to the STS on 1 st December 2009.
	The Council should ensure that all staff have PMDS objectives and are given an annual PMDS appraisal.	H	The newly approved Performance Management Framework Policy and the revised PMDS arrangements will simplify the existing arrangements.	Robert Britton	from April 2009	In Progress: Report to SLT and HR Committee (re. PMDS) now being complied.

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Risk Management						
Rec 17	<p>Members - department risk register review Executive Members should ensure they review the department risk register for the department they are responsible for on a quarterly basis. This review should be evidenced.</p>	High	<p>Agreed. the Cabinet has agreed that a standard item should be included on each quarterly informal Executive Briefing Agenda. Evidence of this Executive review will also be recorded on the version control table. This revision to procedure will be incorporated into the Risk Management Policy Statement (RMPS) when it is reviewed by the Audit Committee in November and placed before the Cabinet in January 2009.</p>	Acting Strategic Director Resources	Sep 2008	<p>In progress: It is a requirement of the RMPS that each departmental risk register is reviewed quarterly by the Executive Member.</p> <p>Executive Members for the majority of the Directorates have commenced reviewing Directorate Risk Registers, with some Directorates achieving a quarterly review.</p> <p>The recommendation is complicated by the fact that in some areas the Executive Member Portfolio does not align to the Directorate Structure. This requirement will be discussed further at RMG 7/1/2010.</p>
Rec 2	<p>Corporate risk register - risk monitoring The Council needs to ensure that risks identified at a corporate level relating to specific departments are actively monitored by either: A. ensuring that departments review the corporate risk register on at least a quarterly basis, along with their department risk registers; or B. cascading risks identified at a corporate level into department risk registers where they relate to a specific department.</p>	High	<p>2A agreed. Directors will review the CRR, at the same time as Departmental Risk Registers (DRRs) are reviewed: this has been agreed at the Risk Management Group (RMG) meeting in April. This revision to procedure will be incorporated into the Risk Management Policy Statement (RMPS) when it is updated in November and placed before the Cabinet in January 2009.</p>	Risk Champions	Completed April 2008	<p>5 directorate Implemented 2 directorates in progress</p> <p>City Development - Implemented. The Corporate Risk Register is reviewed with the City Development Risk Register on a quarterly basis.</p> <p>Transformation - Implemented</p> <p>H&SC - Implemented</p> <p>DCX & RE - in progress This is being developed in Resources and DCX and will be embedded with effect from January 2010</p> <p>Neighbourhoods - Implemented. The Neighbourhoods GF DRR shows which departmental risks reconcile</p>

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						with those in the Corporate Risk Register (risks 4, 7 and 9) as per recommendation 2B. CYPS - Implemented The two CYPS risks were reviewed in January, May and August. The October review is about to be undertaken.
Rec 4	Department risk registers - quarterly review by DMT Department risk registers should be reviewed by Department Management Teams on a quarterly basis. Evidence of this should be formally recorded on the version control table on the front page.	High	Agreed: This is current policy. Evidence of Executive review will also be recorded on the version control table. See rec.17.	Risk Champions	Sep 2008	5 directorate Implemented 2 directorates in progress City Development ,H&SC, Transformation, Neighbourhoods, CYPS - Implemented. DCX & RE - in progress This is being developed in Resources and DCX and will be embedded with effect from January 2010 This will include review of risks by RE leadership team and DCX leadership team, as appropriate.
Rec 6	Department risk registers - risk assessments The Council should ensure that: all staff making risk assessments fully understand risk management, know how to assess risks, and record them in the risk register; and where risks do not appear to be appropriately assessed, officers and members should challenge them through the review processes in place.	High	Agreed. It is part of the departmental risk champion role to ensure that risk management is properly embedded and training and development is considered. In the past year, training has been undertaken in NHS, CLS, ACC. There are various levels at which risks should be challenged - risk champions, Departmental Management Teams, Executive Members, Internal Audit and the Audit Committee.	Risk Champions	Dec 2008	5 directorate Implemented 2 directorates in progress City Development ,H&SC, Transformation, Neighbourhoods, CYPS - Implemented. DCX & RE - in progress This is being developed in Resources and DCX, with a view to being embedded early in the new year
Rec 16	Partnership risk management The Council should ensure that: adequate risk management arrangements	High	Agreed: the partnership checklist approved by CMT in March is being used in the establishment of new	DCX	Sep 2008 and ongoing	In progress: The Bristol Partnership Checklist has been taken to the Audit Committee

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	<p>are introduced for the Bristol Partnership and its working groups as a priority; and the partnership checklist is completed and complied with, for all agreed partnerships, and that the Council's guidance is applied in each assessment against the checklist.</p>		<p>arrangements for the Bristol Partnership</p>			<p>twice and the other Category A partnerships checklists have been to the Audit Committee or will be taken in January 2010.</p> <p>The Bristol Partnership Strategic Risk Register has been taken to the Bristol Partnership Governance Sub-Committee in November and will go again in March 2010.</p> <p>The LAA Challenge Group is also reviewing the Bristol Partnership Strategic Risk Register.</p> <p>The Partnership Boards have also been encourage to consider their own risk registers. Internal Audit have initiated a series of partnership meetings with key Bristol Partnership staff and the external auditors to review partnership risk and governance.</p> <p>A Partnership Policy and Toolkit has been drafted which is due to be implemented by Jan 2010.</p>
Rec 9	<p>Department risk registers - key risks All department risk registers should include the key risks to their department.</p>	High	<p>Agreed. See rec. 5. However, determining the appropriate level of detail is not always straightforward. Although the example cited (city docks) was not set out in detail in the DRR, it was appropriately detailed in both the Service Delivery Plan and the Business Continuity Plan, and was otherwise an example of successful risk management, in that identification of risks resulted in the required allocation of resources for mitigation.</p>	CIA	Oct 2008	<p>In Progress</p> <p>Commencing with the Corporate Risk Register work is currently in hand for the transfer of the risk registers from manual documents to SPARNET - an automated on-line monitoring system. Once the Corporate Risk Register is completed work will commence with the Directorate Risk Registers. It is anticipated that SPARNET will encourage greater openness and transparency to the process of compiling risk registers.</p>

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Review of Performance Management within Mental Health Services						
3	Given the absence of a formal accommodation strategy, ACC needs to urgently discuss with AWP the potential connections between housing availability and spending, and to make the formal links with housing where collaborative efforts are needed to achieve publicised MH service targets especially in connection with housing policy.	High	Health & Social Care are working towards an accommodation strategy - Catherine Wevill is the lead officer for this. As the Council moves towards a one council approach the corporate responsibility for housing for people with mental health challenges will become further integrated.	Elizabeth Saunders To link with Nick Hooper	by end of March 2009	Response still awaited.

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Governance Report						
	<p>Fixed Assets The process for calculating the fixed asset balances and notes to the accounts is complex and a number of spreadsheets are used to determine how the amounts recorded in the accounts reconcile to the Council's fixed asset register. Whilst we were able to reconcile the balances held within the Council's fixed asset register to the amounts recorded in the balance sheet, there is significant scope to simplify this process and mitigate the risk of omission of entries from the accounts.</p> <p>The Council should ensure that a process is in place to regularly reconcile the assets recorded in its fixed asset register to the value of assets reported in the accounts to ensure that they are consistent.</p>	H	Discussions with property services are in progress with a view to improving and simplifying this process.	Corporate Finance Manager Principal accountant (capital) Housing Finance Property Services	March 2009	<p>In progress: A significant amount of fixed assets such as museum artefacts and library books were added on to the Fixed Asset Register in 2008/09. This has served to simplify the reconciliation between the fixed asset register and the accounts figure for fixed assets.</p> <p>However all types of fixed asset are not yet on the fixed asset register therefore a reconciliation of the accounts figures is still required.</p>

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Review of 2008-09 Budget Setting Arrangements - report following enquiry by Cllr Emmett						
	The Council should act upon advice from the independent legal advisors, Bevan Brittan, following their current review of the Council's constitution and standing orders relating to the budget setting process.	From Exec Summary	Not stated in report - as different format for report.	Stephen McNamara	Not given in report	Response still awaited.
	<p>We suggest that, in the first instance, matters of concern to a Member should normally be raised with the Member's political group leader, or with the appropriate statutory officer (Chief executive, Monitoring officer, or s151 officer). Doing this will allow the opportunity for the matter to be considered by the Council's management team, and we would anticipate that the majority of concerns would be resolved through this route.</p> <p>Should this process not resolve a concern, then the Council's external regulatory organisations (such as the auditor) may need to be involved.</p>	Not given in report	Not stated in report - as different format for report.	Director of Resources	Not given in report	<p>In Progress:</p> <p>Agreed - Members to raise concerns with the Monitoring Officer or the Service Director Finance in the first instance and escalated to the Chief Executive if not resolved.</p> <p>Implementation will be taken forward by the Director of Resources in conjunction with Members Services.</p>

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Annual Audit and Inspection Letter						
	<p>In order to continue to strengthen and improve its performance the Council should continue its drive for improvements by:</p> <ul style="list-style-type: none"> continuing to improve environmental performance including planning, graffiti and flyposting; 	Not given in report	Not stated in report - as different format for report.	City Development Strategic Director		<p>Re: planning improvement. - In progress Bristol City Council's performance in the speed of determining planning applications has improved year on year in all three categories of applications from 07/08 to the present date.</p> <p>Improving - graffiti and flyposting: NI 195 measures improvement of street and environmental cleanliness for litter, detritus and fly-posting quarterly by independent monitoring. Currently performing excellently exceeding all targets. Customer perceptions of street cleanliness is not as high - working to become cleanest major city in England by 2012 also significant work with neighbourhood forums to target lowest performing wards. Dedicated graffiti removal crews now in place and re-writing graffiti policy to protect graffiti with artistic value.</p>
	<p>In order to continue to strengthen and improve its performance the Council should continue its drive for improvements by:</p> <ul style="list-style-type: none"> improving outcomes for children and young people including children looked after; 	Not given in report	Not stated in report - as different format for report.	CYPS Strategic Director		<p>Response still awaited.</p>
	<p>In order to continue to strengthen and improve its performance the Council should continue its drive for improvements by:</p> <ul style="list-style-type: none"> understanding the reasons for low customer satisfaction with some council 	Not given in report	Not stated in report - as different format for report.	Helen Ball?		<p>In Progress: Strengthening customer insight is being delivered through all Service Delivery Plans. The Use of Resources judgement 2008-09, and the draft CAA judgement (due 10th Dec 09)</p>

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	services and responding to their concerns;					continue to highlight the need to deliver further improvements in this area. This is a high priority. (Helen Ball)
	<p>In order to continue to strengthen and improve its performance the Council should continue its drive for improvements by:</p> <ul style="list-style-type: none"> • further improving the speed of processing housing benefit applications; 	Not given in report	Not stated in report - as different format for report.	Paul Sherwood		Response still awaited.