

**BRISTOL CITY COUNCIL  
AUDIT COMMITTEE**

**16 APRIL 2010**

**Report of: Strategic Director (Resources)**

**Title: Grant Thornton - progress report**

**Ward: Citywide**

**Officer presenting report: Richard Powell, Chief Internal Auditor**

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**RECOMMENDATION**

The Audit Committee note, and comment as appropriate, on Grant Thornton's progress report.

**Summary**

Attached to this report is Grant Thornton's progress report, which sets out an update on their audit work, which they proposed to undertake as set out in their 2008-09 and 2009-10 work programme.

Overall, the programme of audit work is progressing as planned.

**Policy**

None affected by this report. The Audit Commission has statutory responsibility for inspection and assessment at the Council. Grant Thornton are the Council's appointed external auditors. In carrying out their audit and inspection duties they have to comply with the relevant statutory requirements. In particular these are the Audit Commission Act 1998 and the Code of Audit Practice with regard to audit, and the Local Government Act 1999 with regard to best value and inspection.

## **Consultation**

**Internal:** Grant Thornton hold regular discussions with officers on progress with audit work set out in the audit plan.

**External:** None necessary

## **1 Introduction**

- 1.1 The report provides a summary of progress against planned work, and an overview of the results of the work completed.
- 1.2 Grant Thornton's partner, John Golding, the appointed auditor responsible for the City Council's audit will be attending the Committee, and will be pleased to answer Members' questions.

## **Other Options Considered**

Not applicable.

## **Risk Assessment**

Not as a result of this report.

## **Equalities Impact Assessment**

There are no issues arising from this report.

## **Legal and Resource Implications**

None arising from this report.

## **Appendices:**

Appendix 1: Grant Thornton's progress report.

## **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:** None

Bristol City Council

Progress report

April 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. 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 audit work at the Council, as at 31 March 2010.

## 1.2 2008-09 audit progress

Overall, our work for 2008-09 is substantially complete, however some project work has continued 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 final report has been agreed and issued. This report is included as a separate item in this committee agenda.
- **Financial Standing review** - Fieldwork has been completed and meetings have been arranged to discuss the key findings and draft report. This work supports our Use of Resources work this year.
- **Follow up review of Redland Green project, using Museum of Bristol "M Shed" as a tracer** - Project scope has been issued. Initial meetings have been arranged to progress fieldwork.
- **Asset management review** - Project scope has been issued. Initial meetings have been arranged to progress fieldwork.
- **Governance and review of effectiveness of Audit Committee** - This assessment is complete and has been reported separately as part of this committee's agenda.

### **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.

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. Final assessments will be submitted by 30 July 2010.

We have already completed a significant amount of 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.

#### **Financial Statements Audit**

Our interim audit visit for the financial statements will commence in April 2010. We have continued our discussions with officers from the Council's finance team to discuss specific matters to address in preparation for the 2009-10 audit. These discussions have included:

- Liaison with the central finance team and property services on their planned approach to the valuation of the Council's asset base;
- Accounting for debt rescheduling for PWLB loans;
- Sharing of good practice and discussion on possible improvements in the presentation, content and clarity of financial data and disclosures in the Council's statement of accounts; and
- the Council's preparations for the transition to International Financial Reporting Standards (IFRS).

Members of the Council's finance team also attended our local technical accounting workshop in Exeter in March 2010, represented by a number of our local authority clients in the South West. This workshop provided further training and support on specific accounts issues impacting the 2009-10 accounts and IFRS. This also included some specific updates on employment tax and VAT issues affecting local authorities.

We will continue to work with the Council's finance team to provide support where required.

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

Further to our discussions in early 2010 we have, agreed with senior council officers two specific areas in which we deliver project work. These are as follows:

- **Review of Business Transformation** - The scope of this work has been agreed with senior officers of the Council to consider the Shared Transactional Services and New Ways of Working programmes within the Business Transformation Project. Fieldwork commenced in January 2010 and is expected to be complete by end of April 2010.
- **Review of Neighbourhood Partnerships** - A draft scope will be discussed with the Deputy Chief Executive in April 2010. Work is planned to commence in May 2010.
- **Review of West of England Partnership** - A second joint review will commence in April 2010. This will focus on Transport. The scope of this work has been agreed by the four Chief Executives.



# Grant Thornton

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