

**BRISTOL CITY COUNCIL
AUDIT COMMITTEE**

20 April 2012

Report of: Strategic Director (Corporate Services)

Title: Grant Thornton's Progress Report for 2011-12

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 for 2011-12.

Summary

This report considers the planned work and progress to date in:

- the financial statements audit;
- the Value for Money (VfM) conclusion work.

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 consulted with Senior Officers before finalising the progress report.

External: not applicable.

1 Introduction

- 1.1 Grant Thornton is required to form an opinion on the Council's annual financial statements and to provide a value for money conclusion. This report summarises the work planned and progress to date.
- 1.2 Grant Thornton, 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 A: Grant Thornton's Progress Report April 2012

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: None

External audit progress report

April 2012



BALANCE SHEET
12/31/2011

	2011	2010
Current Assets		
Cash	12,345	10,123
Accounts Receivable	45,678	34,567
Inventory	23,456	18,901
Prepaid Expenses	1,234	987
Other Current Assets	5,678	4,321
Total Current Assets	88,391	67,909
Property, Plant, and Equipment	120,000	110,000
Accumulated Depreciation	(30,000)	(25,000)
Total Property, Plant, and Equipment	90,000	85,000
Total Assets	178,391	152,909
Current Liabilities		
Accounts Payable	30,000	25,000
Short-Term Debt	10,000	15,000
Other Current Liabilities	5,000	4,000
Total Current Liabilities	45,000	44,000
Total Liabilities	45,000	44,000
Equity		
Common Stock	100,000	100,000
Retained Earnings	133,391	108,909
Total Equity	233,391	208,909
Total Liabilities and Equity	278,391	252,909

Introduction

Reflecting the annual timetable for external audit, we have commenced the interim audit and will present our interim report to the Audit Committee in June 2012. Our audit 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 indicate in the plan, our audit responsibilities involve us in making two formal conclusions, as follows:

- opinion on the Council's annual financial statements;
- value for money conclusion.

Overall, our work is progressing as planned. The following sections summarise the progress as at April 2012.

Audit 2010-11

Our audit including financial statements and value for Money conclusion for 2010-11 is complete and summarised in our annual audit letter issued in November 2011.

The certification report has been completed and was issued in February 2012.

Audit 2011-12

Our audit plan was presented to the Audit Committee in February 2012.

Financial Statements

Our interim audit commenced in March 2012. The interim audit has not yet been completed and is on-going at this stage. During the interim audit we noted that Internal Audit have identified a number of matters of relevance to the year end accounts during their work throughout the year and we are currently working with them to determine the impact on our work.

The 2011/12 code has a requirement that Heritage Assets be identified and separated from other classifications of assets. Jon Clayton (Capital) is currently working to identify the Heritage Assets. We will perform our testing of these before the final audit.

We are currently working with Tony Whitlock (Corporate Finance) in order to obtain electronic information to allow us to determine our audit samples well before the final audit commences in the summer.

We have prepared a Key Messages document highlighting good working practices for working papers. Dave Miles and Tony Whitlock (both Corporate Finance) have distributed this on our behalf to Department Heads at the last Practitioners meeting. This should ensure that good quality working papers are produced efficiently.

We are currently preparing a letter to Avon Fire Authority providing them with assurance over the work performed on their behalf at Bristol City Council.

We are currently working with Internal Audit to develop a Protocol document detailing the working arrangements between the Council, Internal Audit and External Audit.

At the request of the Chief Executive, we are examining the procedures followed by the Council in respect of the Redcliffe Wharf development.

Value for Money Conclusion

Initial discussions with Service Managers and Directors have begun. The aim of these discussions are to scope the work required to support the VfM conclusions and include reviews relating to the VfM Strategy and the Change Agenda.

Fieldwork is underway to follow-up any VfM recommendations made in previous years and to complete our Financial Resilience assessment.

A draft report has been issued for part 1 of our review of Bristol's ELENA application and the supporting models for the application. Part 2 will be completed over the summer.

Audit 2012-13

The Audit Commission has not yet finalised the fees for the 2012-13 audit and therefore we will not be presenting the Audit Fee Letter as we had anticipated to the April Audit Committee. We expect the fee scales to be finalised shortly so that we can report this information to the Audit Committee in June 2012.

Table 1: Audit – key reports

Report	Purpose	Expected date	Actual date
Audit Plan	<ul style="list-style-type: none"> • Outline audit approach • Identify initial high risk areas and our planned response • Confirm Plan with Audit Committee 	January 2012	February 2012
Interim report and update to Financial Audit Strategy	<ul style="list-style-type: none"> • Outline our audit strategy on conclusion of controls work • Review risks and update planned response accordingly • Highlight focus areas for the audit • Confirm with senior officers and Audit Committee 	June 2012	-
Report to those charged with Governance (ISA 260)	<ul style="list-style-type: none"> • Highlight key issues arising from the audit of the accounts and VFM work and details of the resolution of these • Communication of adjusted and unadjusted audit differences • Improvement recommendations resulting from audit procedures • Value for money conclusion 	September 2012	-
Auditor's Reports	<ul style="list-style-type: none"> • Financial statements audit opinion • Individual reports to support the VFM conclusion 	September 2012	-
Annual Audit Letter	<ul style="list-style-type: none"> • Summarises the key issues arising from our 2011/12 audit 	November 2012	-
Grants Claim Certification	<ul style="list-style-type: none"> • Highlights key issues arising from our grants certification work • Recommendations identified for improvement 	December 2012	-

The table above sets out the work we shall be delivering during the course of 2012. For future Committee meetings we shall provide details of each element of work as it progresses.



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