

BRISTOL CITY COUNCIL
Audit Committee
20th April 2012

Report of: Strategic Director (Corporate Services)

Report Title: The Follow Up of Grant Thornton Recommendations

Ward: Citywide

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RECOMMENDATION

The Audit Committee note the report.

SUMMARY

This report summarises the current situation with regards to Grant Thornton recommendations.

The significant issues in the report are:

- All recommendations made by Grant Thornton prior to September 2011 have now been implemented or have been followed up by Grant Thornton.
- The recommendations that are now falling due are being followed up by Grant Thornton.
- An External Audit Working Protocol with Bristol City Council is currently being developed which will clarify responsibilities, timescales and actions for both Grant Thornton and Bristol City Council in their joint working arrangements. The Protocol will also contain a set of agreed performance indicators that will be reported in progress reports to the Audit Committee.

Policy

It is considered good practice to have a procedure for monitoring the Council's progress in implementing External Auditor recommendations.

Consultation:

Internal: None necessary

External: Grant Thornton

1. Background

- 1.1 Following agreement at the Audit Committee's September 2009 meeting, Internal Audit have prepared regular reports for the Committee monitoring the implementation of the high priority recommendations made by Grant Thornton since they became the Council's External Auditors.
- 1.2 The last monitoring report went to the 11th November 2011 meeting and it showed that all recommendations due at that time, except one, had been judged by management to have been implemented or were being followed up separately by Grant Thornton. The one in progress recommendation was around customer monitoring and feedback in STS which is an ongoing improvement area as part of Bristol Performs, and Corporate Services's focus on customer service.
- 1.3 Grant Thornton reported on their follow up work to 3rd February 2012 Committee meeting in their report 'Value for Money Follow-up of 2009-10 recommendations'.
- 1.4 The arrangement with Grant Thornton with regard to recommendations was to liaise with Internal Audit should they complete their own follow up in order to avoid duplication of work.

2. Follow Up of Grant Thornton Recommendations

- 2.1 Recommendations from three Grant Thornton reports are now due:
 - Bristol's Change Agenda
 - Corporate Performance Reporting
 - Value for Money Follow-up of 2009-10 recommendations
- 2.2 Grant Thornton have confirmed that they are following up all of these recommendations and that there are no recommendations for Internal Audit to follow up.

3. Effectiveness of External Audit

- 3.1 The Audit Committee received a report in April 2011 regarding the 'Effectiveness of External Audit'. This report reviewed the effectiveness of Grant Thornton's external audit provision and the following actions were identified:
 - a reporting protocol that includes timings for production of draft reports, allowing staff to review reports and comment/discuss findings, the provision of management comment and the issue of final reports.
 - that Grant Thornton include in their regular progress reports all reviews originally planned for the year and any reasons for changes to the plan, so that it is clear what reviews are being undertaken.
 - the Audit Committee should consider setting performance targets for the External Auditor and receive updates of performance against those targets on a regular basis.

- 3.2 An External Audit Working Protocol with Bristol City Council is currently being developed which will clarify responsibilities, timescales and actions for both Grant Thornton and Bristol City Council in their joint working arrangements. This protocol will cover the external auditor and Bristol City Council responsibilities in the following areas:
- performance indicator reporting
 - accounts work
 - value for money conclusion reviews
 - grants work
 - follow up of external audit recommendations
 - fraud
- 3.3 This protocol once agreed by both Grant Thornton and the Council will aid transparency and openness between the two parties and assist the Council in assessing the effectiveness of its external auditor and whether value for money is being achieved through the performance indicators identified.
- 3.4 The remaining action from the April 2011 report with regard to Grant Thornton including in their regular progress reports all reviews planned and any reason for changes to the plan has been addressed by Grant Thornton in their progress reports. The latest July 11 report details:
- for key reports expected date and actual date.
 - for VFM work planned - original plan April 2010 and revised plan January 2011 and who the change was agreed with.
 - progress of work against the revised VFM plan with the progress to date, date report due and date final report due.

4. Conclusion

- 4.1 Internal Audit will continue to liaise with Grant Thornton to ensure that all recommendations made are appropriately followed up and that duplication is avoided.
- 4.2 Internal Audit will work with Grant Thornton to finalise the 'External Audit Working Protocol with Bristol City Council' and the performance indicators with which to monitor external audit performance.

5. Other Options Considered

- 5.1 Internal Audit have considered following up the recommendations but this was deemed to be an inappropriate use of resource as it would duplicate the work being undertaken by Grant Thornton.

8. Risk Assessment

- 8.1 Low risk as all recommendations are being followed up by the External Auditor.

9. Equalities Impact Assessment

9.1 None necessary for this report

10. Legal and Resource Implications

10 **Legal** - None required

11 **Resource** - None as a result of this report. Grant Thornton will contain this requirement into their normal work, including their VFM conclusion and financial resilience review.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers N/A