

**BRISTOL CITY COUNCIL  
AUDIT COMMITTEE**

**29 June 2012**

**Report of: Strategic Director (Corporate Services)**

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

**Ward: Citywide**

**Officer presenting report: Melanie Henchy-Mccarthy and Alison Mullis, Chief Internal Auditors**

**Contact telephone number: 0117 92 22448**

**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 1: Grant Thornton's Progress Report June 2012

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

**Background Papers:** None

# External audit progress report

June 2012



	£	2011	2010	2009
Fixed Assets				
Intangible Assets	10,000	10,000	10,000	10,000
Goodwill	10,000	10,000	10,000	10,000
Intangible Assets	10,000	10,000	10,000	10,000
Fixed Assets	10,000	10,000	10,000	10,000
Current Assets				
Stocks	10,000	10,000	10,000	10,000
Debtors	10,000	10,000	10,000	10,000
Creditors	10,000	10,000	10,000	10,000
Current Assets	10,000	10,000	10,000	10,000
Total Assets	20,000	20,000	20,000	20,000
Capital & Reserves				
Share Capital	10,000	10,000	10,000	10,000
Reserves	10,000	10,000	10,000	10,000
Capital & Reserves	10,000	10,000	10,000	10,000
Liabilities				
Long Term Liabilities	10,000	10,000	10,000	10,000
Current Liabilities	10,000	10,000	10,000	10,000
Liabilities	10,000	10,000	10,000	10,000
Total Liabilities	20,000	20,000	20,000	20,000
Total Assets	20,000	20,000	20,000	20,000

## Introduction

Reflecting the annual timetable for external audit, we have undertaken the interim audit and will present our interim report to the Audit Committee at this meeting. 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 June 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. 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) has produced the disclosures to the financial statements and we are working through these with Jon.

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 are 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 examined the procedures followed by the Council in respect of the Redcliffe Wharf development. This review is now complete and will be presented to the Audit Committee at this meeting.

### Value for Money Conclusion

As part of the 2011-12 audit will be completing four specific reviews to support our VfM conclusion, as follows:

- Review of Bristol's ELENA application and the supporting models for the application. Part 1 has been completed and will be presented to the Audit Committee at this meeting. A draft report has been issued for the second part of this work.
- Review of VfM Strategy implementation. A draft report has been issued and this will be presented and discussed with the Senior Leadership Team in June prior to presentation to Audit Committee in September
- Financial resilience. Fieldwork is underway .
- Review of the Council's Change Agenda. Fieldwork is underway.

## Audit 2012-13

As we explained at the last Audit committee meeting, the Audit Commission has not yet finalised audit appointments for 2012-13 audits and therefore we will not be presenting the Audit Fee Letter as we had anticipated to this Audit Committee meeting. Appointments are due to be finalised during August, and so we will present the fee letter to the Audit Committee in September 2012.

Table 1: Audit – key reports

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

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



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