

**BRISTOL CITY COUNCIL  
AUDIT COMMITTEE**

**18 January 2013**

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

**Title: Grant Thornton's Progress Report for 2012-13**

**Ward: Citywide**

**Officer presenting report: Melanie Henchy-McCarthy and Alison Mullis, Chief Internal Auditor**

**Contact telephone number: 0117 92 22448**

**RECOMMENDATION**

The Audit Committee note, and comment as appropriate, on Grant Thornton's Progress Report for 2012-13.

**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 January 2013

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

**Background Papers:** None

# External audit progress report

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January 2013



A handwritten balance sheet on aged paper, titled "BALANCE SHEET Caledonia's". The sheet lists various assets and liabilities with corresponding numerical values. The text is written in dark ink and is somewhat difficult to read due to the handwriting and the angle of the document.

Item	Value	Value	Value
Assets			
Current Assets			
Cash	1000		
Accounts Receivable	2000		
Inventory	3000		
Prepaid Expenses	4000		
Total Current Assets	10000		
Non-Current Assets			
Property, Plant & Equipment	5000		
Total Non-Current Assets	5000		
Total Assets	15000		
Liabilities & Equity			
Current Liabilities			
Accounts Payable	2000		
Short-Term Debt	3000		
Total Current Liabilities	5000		
Non-Current Liabilities			
Long-Term Debt	4000		
Total Non-Current Liabilities	4000		
Total Liabilities	9000		
Equity			
Common Stock	5000		
Retained Earnings	1000		
Total Equity	6000		
Total Liabilities & Equity	15000		

## Introduction

Reflecting the annual timetable for external audit, we will present our outline Audit Assurance Memorandum, to the Audit Committee in April 2013. Our approach will be 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.

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 January 2013.

## Audit 2011-12

Our audit of the financial statements was completed and the annual audit letter was issued in November 2012.

The certification report has been completed and will be issued in January 2013.

## Audit 2012-13

It is very early in the cycle for the 2012-13 audit, and so this progress report is brief.

### Financial Statements

Our interim audit will be undertaken in February and March 2013.

### Value for Money Conclusion

We have begun considering the emerging risks which could impact on the Council's value for money conclusion. We have identified the following potential risks:

- Governance arrangements, following the establishment of an elected mayor
- financial resilience, including delivering the change agenda and achieving planned savings as financial pressures continue.

These risks were discussed with the Interim Chief Executive and the Strategic Director of Resources, prior to him leaving the Council. We are in the process of exploring these risks further with the Finance Service Manager. The aim of these discussions is to scope the work relating to the governance arrangements and required to support the VfM conclusion

**Table 1: Audit – key reports**

<b>Report</b>	<b>Purpose</b>	<b>Expected date</b>	<b>Actual date</b>
<b>Audit Assurance Memorandum</b>	<ul style="list-style-type: none"> <li>• Outline our audit strategy on conclusion of our controls work</li> <li>• Review risks and update our planned response accordingly</li> <li>• Highlight focus areas for the audit</li> <li>• Confirm those areas with senior officers and Audit Committee</li> </ul>	April 2013	-
<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 2013	-
<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 2013	-
<b>Annual Audit Letter</b>	<ul style="list-style-type: none"> <li>• Summarises the key issues arising from our 2012/13 audit</li> </ul>	November 2013 (TBC)	-
<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>	January 2014 (TBC)	-

The table above sets out the work we shall be delivering during the course of 2013. For future Committee meetings we shall provide details of each element of work as it progresses.



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