

**BRISTOL CITY COUNCIL
AUDIT COMMITTEE**

28 June 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

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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 June 2013

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: None

External audit progress report

June 2013



BALANCE SHEET
CITY OF SINGAPORE
31st Dec 1913

	1913	1912	1911	1910
Reserve Fund	1,000,000	1,000,000	1,000,000	1,000,000
Surplus	1,000,000	1,000,000	1,000,000	1,000,000
Less: Reserve Fund	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Total	1,000,000	1,000,000	1,000,000	1,000,000
Assets				
Land	1,000,000	1,000,000	1,000,000	1,000,000
Buildings	1,000,000	1,000,000	1,000,000	1,000,000
Plant and Machinery	1,000,000	1,000,000	1,000,000	1,000,000
Investments	1,000,000	1,000,000	1,000,000	1,000,000
Debtors	1,000,000	1,000,000	1,000,000	1,000,000
Other Assets	1,000,000	1,000,000	1,000,000	1,000,000
Total Assets	1,000,000	1,000,000	1,000,000	1,000,000
Liabilities				
Capital	1,000,000	1,000,000	1,000,000	1,000,000
Reserve Fund	1,000,000	1,000,000	1,000,000	1,000,000
Debtors	1,000,000	1,000,000	1,000,000	1,000,000
Other Liabilities	1,000,000	1,000,000	1,000,000	1,000,000
Total Liabilities	1,000,000	1,000,000	1,000,000	1,000,000

Introduction

Reflecting the annual timetable for external audit, we presented 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 June 2013.

Audit 2012-13

We have completed the interim audit work and presented the Audit Plan to the Audit Committee in April 2013 and so this progress report is brief.

Financial Statements

Our final audit fieldwork will be undertaken during July, August and September 2013.

We have been working with Officers to establish the treatment of the PFI contract. We have concluded that this is not an onerous contract and will review the subsequent accounting treatment during the audit.

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 and will report our findings to the Audit Committee in September 2013.

Other

We have provided our views on the use of the Council's resources by the Mayor in respect of an application to the Boundary Commission for England.

Table 1: Audit – key reports

Report	Purpose	Expected date	Actual date
Audit Assurance Memorandum	<ul style="list-style-type: none"> • Outline our audit strategy on conclusion of our controls work • Review risks and update our planned response accordingly • Highlight focus areas for the audit • Confirm those areas with senior officers and Audit Committee 	April 2013	April 2013
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 2013	-
Auditor's Reports	<ul style="list-style-type: none"> • Financial statements audit opinion • Individual reports to support the VFM conclusion 	September 2013	-
Annual Audit Letter	<ul style="list-style-type: none"> • Summarises the key issues arising from our 2012/13 audit 	November 2013 (TBC)	-
Grants Claim Certification	<ul style="list-style-type: none"> • Highlights key issues arising from our grants certification work • Recommendations identified for improvement 	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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