

**BRISTOL CITY COUNCIL
AUDIT COMMITTEE**

11 MARCH 2016

Report of: Service Director (Finance)

Title: BDO External Audit Progress report 2015-16

Ward: Citywide

Officer presenting report: BDO LLP

Contact telephone number:

RECOMMENDATION

The Audit Committee note, and comment as appropriate, on BDO's progress report for 2015-16.

Summary

Attached to this report is BDO's progress report update in respect of their 2015-16 audit. This report considers the planned work and progress to date in:

- the financial statements audit;
- the arrangements for securing economy, efficiency and effectiveness in the use of Council resources.

The report also provides additional information for audit committee members on emerging issues that the Council will need to consider as part of the preparation of its 2015-16 financial statements.

Policy

None affected by this report. The Audit Commission has statutory responsibility for inspection and assessment at the Council. BDO 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: BDO consulted with Senior Finance Officers before finalising the progress report.

External: None.

1 Introduction

- 1.1 BDO 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 They have discussed the report with the senior Finance Officers in Corporate Finance.
- 1.3 Greg Rubins, the appointed auditor 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: BDO's External Audit Progress Report 2015-16

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: None



BRISTOL CITY COUNCIL

External Audit Progress Report

March 2016

INTRODUCTION

This report is intended to provide the Audit Committee with an update of our audit work for 2015/16.




Auditors' principal objectives are to review and report on, to the extent required by the relevant legislation and the requirements of the Code of Audit Practice for Local Government, the audited body's:

- financial statements
- arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are also required to certify specified grant claims and returns as directed by Public Sector Audit Appointments Ltd.

We will assess whether the arrangements put in place by the Council will allow us to complete our work by the expected deadlines and whether there are any issues that are likely to have a significant impact on our ability to provide unmodified audit reports and opinions.

This will be included as a "RAG" assessment in the report. We have yet to perform any substantive work at the Council and therefore the green rating against each area is an initial assumption that will need to be confirmed as part of our interim work.





ASSESSMENT		EXPLANATION
RED		Unlikely to be able to meet reporting deadlines, significant concerns over governance or finance, or expected modification of audit report or opinion.
AMBER		Some concerns around meeting reporting deadlines, some concerns over governance or finance, or potential risk of modification of audit report or opinion.
GREEN		On target to meet deadlines and no current concerns over governance or finance.

We have also included for your information references to recent publications and emerging issues relating to local government as an attachment to this report.




Additional work agreed with the Council


We have agreed to audit the grant claim for the Innovate UK funded Venturer project. The first stage of the claim was certified by us in October, with a fee of £1500.

SECTOR UPDATE

AUDIT AREA	SCOPE	PROGRESS	OUTPUTS / DATE	RAG
PLANNING				
Audit plan	We are required to report to you the results of our audit planning, our risk assessment and the proposed audit response to significant audit risks ahead of commencement of the audit work.	We have had regular meetings with the Director of Finance, which have also been attended by internal audit. We have discussed audit deliverables and timetables. We have undertaken detailed planning work in January and have prepared an audit plan issued to the Audit committee in March 2016.	<p>Planning Letter 2015/16</p> <p>Issued April 2015 and reported to the Audit Committee on 24th April 2015. This set out our audit fees for the year</p> <p>Audit Plan 2015/16</p> <p>Issued to the Audit Committee on 11 March 2016.</p>	
ACCOUNTS				
Review of internal controls	Audit of the significant financial systems that support the financial statements to be completed before draft accounts are prepared.	This was covered as part of our planning and interim work in January. Testing was carried out on the controls to confirm they are operating in line with expectations. There were no issues arising from the review of financial systems, but we expect to conclude on our work in March and any recommendations will be fed back to the Finance Team and reported to the Audit Committee in due course.	<p>The results of this work will be taken into account in directing our audit strategy for the audit of the financial statements.</p> <p>If required, recommendations will be included in our annual governance report to the Audit Committee.</p>	
Financial statements audit	<p>Audit of the draft financial statements to determine whether they give a true and fair view of the Council's financial affairs and the income and expenditure for the year.</p> <p>Deadline for issue of audit opinion and publication of the statement of accounts is 30 September 2015, although we are working towards a deadline of 31 August 2016.</p>	The scope of the audit and risk assessment will be revisited following our review of the effectiveness of internal controls and review of the draft financial statements. Start date proposed as 4 July 2016.	<p>Audit findings and conclusions being reported in the Final Report to the Audit Committee on 25 September.</p> <p>Target issue date August 2016.</p> <p>Opinion on the financial statements</p> <p>Target issue date August 2016.</p>	
Whole of government accounts audit	Audit of the consolidation pack for consistency with the audited statement of accounts. Consolidation pack opinion - deadline 2 October 2016.	To be completed in August 2016.	Opinion on the WGA Consolidation Pack Target date 2 October 2016.	

SECTOR UPDATE

AUDIT AREA	SCOPE	PROGRESS	OUTPUTS / DATE	RAG
USE OF RESOURCES				
Review of arrangements to secure economy, efficiency and effectiveness	<p>Review of use of resources based on:</p> <ul style="list-style-type: none"> proper arrangements in place for securing financial resilience proper arrangements for challenging how the Council secures economy, efficiency and effectiveness. <p>Conclusion to be given alongside the accounts opinion by the deadline of 30 September 2016 (target end August 2016)</p>	Throughout the year we will have regular liaison meetings with management to discuss any significant concerns in relation to the use of resources. We will also review and take in to consideration results of inspections and reviews carried out by other regulators.	<p>Audit findings and conclusions will be reported in the Final Report to the Audit Committee on 25 September.</p> <p>Target issue date August 2016.</p> <p>VFM conclusion</p> <p>Target issue date August 2016.</p>	
REPORTING				
Annual Audit Letter	Public-facing summary of audit work and key conclusions for the year. To be finalised by 31 October 2016.	This will follow completion of the Audit.	<p>Annual Audit Letter</p> <p>Target issue date October 2016.</p>	
GRANTS CERTIFICATION				
Grants and returns	To audit and submit grant claims and returns by the relevant deadlines.	Work in progress.	All grants claims and returns to be audited in line with the agreed timetable and deadlines. First Venturer claim has been certified.	
Grants Report	Summary of our certification work completed on 31 March 2016 claims, to be issued by December 2016	To be drafted after certification work concluded.	Grants Report to those charged with governance to be issued by December 2016.	



The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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