

Progress Report

11 November 2008

Oxford City Council

Audit 2007/08 and 2008/09

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports to the Authority

Our reports are prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. Reports are prepared by appointed auditors and addressed to non-executive directors or officers. They are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any director or officer in their individual capacity, or to any third party.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0845 0560566.

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Introduction

- 1 Our principal objective as the Council's appointed auditor is to carry out an audit which meets the Audit Commission's Code of Audit Practice. This report sets out the progress we have made in delivering the work set out in our 2007/08 audit plan. It now includes the work in our 2008/09 audit plan.
- 2 Our audit plan sets out our proposed plan of work and is based on the Audit Commission's risk-based approach to audit planning and the requirements of Comprehensive Performance Assessment (CPA). It reflects:
 - Audit and inspection work specified by the Audit Commission;
 - Current national risks relevant to your local circumstances; and
 - Your local risks and improvement priorities.

Our responsibilities

- 3 In carrying out audit work, we comply with the statutory requirements governing it, in particular the:
 - Audit Commission Act 1998
 - Local Government Act 1999 (best value inspection and audit); and
 - Code of Audit Practice (the Code).
- 4 Our audit is also planned to be consistent with the Commission's Strategic Plan.
- 5 The new Audit Commission Code came into effect from April 2005 and has been developed on the basis of the Commission's model of public audit, which defines auditors' responsibilities in relation to:
 - the audited body's financial statements and its statement of internal control; and
 - whether the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Reporting

- 6 The Audit Commission, as part of its planning process, will produce a risk-based audit plan, which is tailored to the individual circumstances of the Council and meets the requirements of the Code of Audit Practice. This will include a use of resources programme which takes account of Audit Commission national requirements and local projects arising from our risk based planning.
- 7 The draft Audit Plan will be discussed and agreed with the Council's Chief Executive and Head of Performance, Policy and Communications. The Chief Executive will circulate to other members of the management team for comment prior to presentation to the Council's Audit and Governance Committee

- 8 Executive Directors will nominate a lead officer and operational manager for each project in the agreed Audit Plan. Lead officers will be required to agree the scope of the project, agree the final report and recommendations and ensure these are implemented in accordance with the agreed action plan.
- 9 The Audit Commission will report progress on each project to the Council's Audit and Governance Committee as part of the regular progress report.
- 10 Draft and final reports will be sent to lead officers for comment/observation. The lead officer must respond to the Audit Commission, and where appropriate complete an accompanying action plan, within two weeks of receipt.
- 11 Final audit reports will be reported to the Council's Chief Executive, the Lead Executive Director and the Head of Policy, Performance and Communications to reporting to the Audit and Governance Committee.
- 12 A summary of the key findings for each project will be reported in the Annual Audit and Inspection Letter.

Progress

- 13 Progress to date on our main blocks of work is set out in the attached appendix.

Key contacts

- 14 If you have any concerns on any aspect of the audit then please contact one of our key contacts.

Name	Title
Maria Grindley	District Auditor 0844 798 8952 m-grindley@audit-commission.gov.uk
John Bull	Audit Manager 0844 798 8954 j-bull@audit-commission.gov.uk
Alison Dewar	Local Performance Lead 07789 033769 a-dewar@audit-commission.gov.uk

Appendix 1 – Planned outputs

Audit Plan	Work programmed or carried out	Lead officer	Status	Target report Date	Draft report date	Final report date
Reporting						
Audit Plan	Sets out the agreed content and timing of all aspects of the external audit for the financial year 2007/08.	Chief Executive / Head of Performance, Policy and Communications	Plan discussed with Strategic Director prior to presentation to Audit Committee on 28 June 2007.	April 2007	April 2007	28 June 2007
Annual Audit and Inspection Letter	Draws together the main findings of the audits. To be discussed with Chief Officers prior to presentation to the Authority's Audit Committee.	Chief Executive / Head of Performance, Policy and Communications	To be drafted after completion of the 2007/08 audit.	March 2009		
Opinion						
Interim visit	Assessment of Authority's key financial systems including the evaluation and testing of key controls (reliance on internal audit as appropriate).	Head of Financial and Asset Management	Work complete, key issues to be reported in Annual Governance report and detailed issues in opinion report.	1. Governance report 26 Sept 2008 audit committee 2. Opinion report mid Oct 2008 officers	September 2008 November 2008	November 2008

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Audit Plan	Work programmed or carried out	Lead officer	Status	Target report Date	Draft report date	Final report date
Data Quality	<ul style="list-style-type: none"> • Review of overall management arrangements to secure data quality • Completeness check of reported PI information • Data quality spot checks 	Head of Policy, Performance and Communications	Work currently in progress.	Nov 2008		
Westgate development	A review of the project management arrangements for the Westgate and Bonn Square redevelopment projects.	Executive Director-City Regeneration	Work complete, report discussed with officers and action plan agreed.	end Jan 2008 (revised)	March 2008	June 2008
Asset management	Oxford City has a major property portfolio (housing - £540m, other - £100m, investment properties £107m). The focus of our review will be on strategic asset management and the extent too which it supports priorities, community needs and vfm.	Executive Director-City Regeneration	Complete. Final report presented to September Audit & Gov committee.	Sept 2008		Sept 2008

Audit Plan	Work programmed or carried out	Lead officer	Status	Target report Date	Draft report date	Final report date
Income from fees and charges	The Council's income from discretionary services is around £10m. Our high level review will draw on the AC's 2008 national report and focus on the Council's management and use of income, fees and charges.	Head of Policy, Performance and Communications	Complete Final report presented to Sept Audit & Gov committee.	Sept 2008		Sept 2008
Health Inequalities	Brief review, as part of preliminary county-wide risk assessment (focus is PCT partnerships)	Chief Executive	Work complete and letter and overview sent to Chief Executive	N/A	N/A	Feb 2008
Your Business at Risk	<p>YB@R is a web-based tool to help public sector organisations focus on the business risks associated with ICT. It will:</p> <ul style="list-style-type: none"> • raise awareness of risks associated with new technology • gauge the level of IT awareness amongst staff • benchmark the 	Head of Policy, Performance and Communications	Timing yet to be agreed			

Audit Plan	Work programmed or carried out	Lead officer	Status	Target report Date	Draft report date	Final report date
	<p>Council against best practice</p> <ul style="list-style-type: none"> highlight areas for improvement. 					
Oxfordshire Partnerships	<p>The project will consider how the Oxfordshire district councils are working together, both collectively and individually, to realise efficiencies and improved outcomes through shared services and strategic service delivery partnerships.</p>	Head of Policy, Performance and Communications	Detailed project spec agreed and work underway.			
Housing Strategy inspection	<p>The Council have, recently, separated out all their tenancy roles, from those of strategic housing. The new dedicated strategic housing unit includes the homelessness teams. We will undertake a Housing Strategy Inspection</p>	Chief Executive	<p>Work complete. Final report presented to Sept Audit & Gov committee</p>	June 2008		Aug 2008

Audit Plan	Work programmed or carried out	Lead officer	Status	Target report Date	Draft report date	Final report date
	once the new arrangements have bedded-in.					
Direction of Travel	Provides focus for continuous improvement. Up-date on progress assessment for reporting in the CPA scorecard.	Chief Executive Head of Policy, Performance and Communications	Work to be undertaken Autumn 2008 and reported in AAIL.	March 2009		
VFM conclusion	The Audit Commission has developed relevant criteria for auditors to apply in reaching our value for money conclusion as required under the Code of Audit Practice.	Chief Executive Head of Finance	Work to be undertaken summer 2008.	30 Sept 2008 to meet national deadlines		8 Oct 2008

Audit Plan	Work programmed or carried out	Lead officer	Status	Target report Date	Draft report date	Final report date
Audit Plan 2008/09						
Audit Plan	Sets out the agreed content and timing of all aspects of the external audit for the financial year 2008/09.	Chief Executive / Head of Performance, Policy and Communications	Plan discussed with Strategic Director prior to presentation to Audit Committee March 2008.			March 2008
Opinion	1. Assessment of Authority's key financial systems (reliance on Internal Audit as appropriate). 2. Audit of financial statements.	Heads of Finance	On site for our systems work in January 2009 subject to completion by Internal Audit.	1. Governance report Sept 2009 audit committee 2. Opinion 30 Sept 2009 to meet national deadlines.		
Use of Resources	Qualitative assessments of the effectiveness of the Council's arrangements for use of resources.	Head of Policy, Performance and Communications. Head of Finance				
Regeneration Inspection	The inspection will test the impact of the Council's restructure.	Executive Director-City Regeneration	On site February 2009.			
Equality and Diversity	Review of the Council's internal and external impact.	Head Performance Policy and Communications	Scoping and on site work to start January-February 2009.			

Grant Claims					
BEN01	Housing and Council Tax benefits - due 31 May 2008	Pauline Hull	Claim received 6 June 2008 Certification deadline 30 Nov 2008		
HOU01	Housing Subsidy – claim due 29 Sept 2008	Dave Higgins	Claim received 31 August 2008 Certification deadline 31 Dec 2008		
HOU02	Base data return – claim due 31 August 2008	Dave Higgins	Claim received 31 August 2008 Certificate issued 23 Oct 2008		
HOU21	Disabled facility grant – claim due 31 August 2008	Dave Higgins	Claim received 31 July 2008 Certificate issued 21 Oct 2008		
LA01	NNDR – claim due 27 June 2008	Adrian Wood	Claim received 7 July 2008 Certificate issued 30 Sept 2008		
CFB06	Pooling of Housing Capital Receipts - due 30 June 2008	Anna Winship	Claim received 7 July 2008 Certificate issued 16 Oct 2008		

Note:

The above list is where a return is definitely required. Other returns may be relevant to the Council and the Council will need to ensure claims are submitted at the appropriate time.