

Audit Commission Progress Report

Oxford City Council
Date **March 2011**

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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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 2010/11 audit plan.

2 Our audit plan sets our work based on the Audit Commission's risk-based approach to audit planning. It reflects:

- Audit 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; and
- Code of Audit Practice (the Code).

4 Our audit plan is consistent with the Commission's Strategic Plan.

5 The new Audit Commission Code came into effect from March 2010 which sets out our principal objectives are to report on the Council's:

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

2010/11 audit work

6 Our work on your control environment and financial systems is in progress. We are completing our review of internal audit and controls testing. Key issues identified so far include:

- control account reconciliations are not being consistently produced or reviewed;
- reconciling items are not cleared regularly. The December bank reconciliation contains 20 items brought forward from the prior month. A few are carried forward from the March 2010 reconciliation;
- we needed assurance on the car park income fraud that the Council had reviewed this and could provide evidence of their review to show that this is not a risk to the statements. We are pleased that the Council have provided this evidence and we are now reviewing it and will keep the Council informed of our conclusions in this area.

7 It was agreed at the January Audit and Governance Committee the Finance Team would produce restated 2009/10 financial statements that would be IFRS compliant by 21 February 2011.

8 Most of the financial statements that require restatement have been produced and have been subject to our review with only minor issues arising. Some of the information came to us later than agreed but we are pleased that we now have the information we requested.

9 At the time of preparing this report for the Committee we had just received the analysis needed for the cash flow statement and also the Statement on the Movement on Reserves. We are re-organising resources to review these and we will update progress on this verbally at the Audit Committee.

10 We are to give our VFM conclusion on the arrangements to secure economy, efficiency and effectiveness based on two criteria, specified by the Commission, related to a council's arrangements for:

- securing financial resilience – focusing on whether the council is managing its financial risks to secure a stable financial position for the foreseeable future; and
- challenging how it secures economy, efficiency and effectiveness – focusing on whether the council is prioritising its resources within tighter budgets and improving productivity and efficiency.

11 We have completed our risk assessment and will now complete the review against these two criteria. In support of this review we are obtaining answers to a series of questions set by the Audit Commission that will help us to assess the Councils position against these criteria. The questions have been shared with officers and we will review the responses and also provide these to the Audit Commission and we will also keep the Committee informed.

Objection to 2009/10 statements and letters from members of the public

12 I have completed my work on the objection and other letters received from members of the public in relation to the 2009/10 financial statements. I concluded that there was no reason for me to make an application to the court for a declaration that there is an unlawful item of account under section 17 of the Audit Commission Act 1998.

13 The additional fee for the work on the letters from members of the public received and also for the work on the objection is £14,000. We have discussed suggestions with officers for making the processes for dealing with questions from the public smoother in the future.

Reporting

14 Draft and final reports will be sent to lead officers for comment. The lead officer must respond to us, and where appropriate complete an accompanying action plan, within two weeks of receipt.

15 Final audit reports will be reported to the Director of Finance and Efficiency before reporting to the Audit and Governance Committee.

16 A summary of the key findings will be reported in the Annual Audit Letter.

Progress

17 Progress so far on our main blocks of work is set out in the attached appendix.

Key contacts

18 If you have any concerns about 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
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Appendix 1 Planned outputs

Audit Plan	Work programmed or carried out	Lead officer	Status	Start date	Draft report date	Final report date
2010/11 Audit						
Audit Fee Letter	Sets out the agreed content and timing of all aspects of the external audit for the financial year 2010/10.	Chief Executive	Fee discussed with Chief Executive before presentation to Audit and Governance Committee	March 2010	March 2010	9 April 2010
Audit Opinion Plan	Sets out in detail our opinion work for financial year 2010/11.	Chief Executive and Corporate Director Finance & Efficiency	Plan produced	December 2010	January 2011	January 2011
Annual Audit Letter 2010/11	Draws together the main findings of the audit.	Chief Executive and Corporate Director Finance & Efficiency	Not yet due	November 2011	November 2011	

Audit Plan	Work programmed or carried out	Lead officer	Status	Start date	Draft report date	Final report date
Opinion						
Interim visit	Assessment of Council's key financial systems including the evaluation and testing of key controls (reliance on internal audit as appropriate).	Corporate Director Finance & Efficiency	In progress and on target to meet draft date.	January 2011	April 2011	
Final Accounts	Audit of financial statements leading to; <ul style="list-style-type: none"> • audit opinion on the financial statements. • assessment whether the Annual Governance Statement has been presented meeting relevant requirements. 	Corporate Director Finance & Efficiency	Not due to start yet	11 July 2011	30 September 2011 for issue of opinion	
Whole of Government accounts	Audit of WGA data returns to ensure consistency with main financial statements.	Corporate Director Finance & Efficiency	Not due to start yet	11 July 2011	30 September 2011	
Value for money conclusion						
Value for money conclusion	Complete the work to give our VFM conclusion. Review the Council's	Corporate Director Finance & Efficiency	Planning stage	January 2011	30 September 2011 for issue of	

Audit Plan	Work programmed or carried out	Lead officer	Status	Start date	Draft report date	Final report date
	arrangements for: <ul style="list-style-type: none"> • securing financial resilience; and • challenging how it secures economy, efficiency and effectiveness. 				opinion	
Follow-up of previous external audit work.	A follow-up of recommendations from previous external audit work.	Corporate Director Finance & Efficiency	We received the latest log of previous recommendations on 9 March. We are reviewing this against our reposts. We will identify any gaps to ensure it is complete.	January 2011	April 2011	

Grant claims 2010/11							
Grant claim	Details	Key contact	Progress	Council deadline provisional	Received from Council	Audit deadline provisional	Certified by Audit
BEN01	Housing and Council Tax benefits	Pauline Hull		31 May 2011		30 November 2011	
HOU01	Housing Subsidy	Jane Rees		30 September 2011		31 December	

						2011	
HOU02	Base data return	Jane Rees		31 August 2011		7 October 2011	
HOU21	Disabled facility grant	Paul Swaffield/ John Exeley		30 June 2011		28 October 2011	
LA01	NNDR	Adrian Wood		24 June 2011		23 September 2011	
CFB06	Pooling of Housing Capital Receipts	Debbie Williams		30 June 2011		30 September 2011	

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 on time. Submission dates quoted are subject to final confirmation from the appropriate government department.

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

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