

AUDIT AND GOVERNANCE COMMITTEE

Thursday 27 June 2013

COUNCILLORS PRESENT: The Vice-Chair (Councillor Simmons), Councillors Darke, Rowley, Seamons, Simmons (Deputy Chair) and Pressel attended as a substitute for Councillor Fry.

OFFICERS PRESENT: Nigel Kennedy (Head of Finance), William Reed (Law and Governance) and Jeremy Thomas (Head of Law and Governance) and William Reed (Law and Governance).

1. ELECTION OF CHAIR FOR THE COUNCIL YEAR 2013/2014

Councillor Fry was elected Chair of the Committee for the Council Year 2013/14.

2. APPOINTMENT OF VICE CHAIR FOR THE COUNCIL YEAR 2013/2014

Councillor Simmons was appointed Vice-Chair for the Council Year 2013/14

3. COMMITTEE POWERS AND DUTIES

Resolved to receive and note the powers and duties (previously circulated, now appended) of the Committee.

4. APOLOGIES

Councillors Fry and Rundle. Councillor Pressel attended as a substitute for Councillor Fry.

5. DECLARATIONS OF INTEREST

There were no declarations of interest from councillors present at the meeting.

6. STATEMENT OF ACCOUNTS 2012/13

The Head of Finance submitted a report (previously circulated, now appended).

Resolved:-

- (1) To note the Statement of Accounts for the financial year 2012/13 as certified by the Section 151 Officer (Head of Finance);
- (2) To restate the Council's Accounts for the financial year 2011/12 for the reasons described in Section 3 of the report of the Head of Finance;
- (3) In relation to the definitions of Existing Use Value and Market Value given in the notes to the core financial statements, to ask the Head of

Finance to review those definitions, to change them if necessary and to provide a fuller explanation of those terms for all members of the Committee;

- (4) To thank the Council's officers for their work in producing the Statement of Accounts.

7. ANNUAL GOVERNANCE STATEMENT

The Head of Law and Governance submitted a report (previously circulated, now appended).

Resolved:-

- (1) To approve the Governance Statement for 2012/13 as appended to the report;
- (2) In relation to paragraph 18 of the Statement (Whistleblowing), to record that for the Committee's part it considered there was merit in whistleblowers being able to approach councillors as well as their line manager or other officer, and to ask officers when they prepare a draft update to the Member/Officer Protocol to consider including a reference to whistleblowing and councillors.

8. INTERNAL AUDIT PLAN 2013/14 - PRICEWATERHOUSECOOPERS (PWC)

Pricewaterhousecoopers (the Council's internal auditors submitted the 2013/14 internal audit risk assessment and annual audit plan for the Council.

Resolved that the plan be accepted subject in relation to audit work item VE4 (Temple Cowley Pool) to discussion as to the precise nature of the audit work and the Service Area primarily responsible.

9. AUDIT RECOMMENDATIONS - PROGRESS

The Head of Finance submitted a report (previously circulated, now appended).

Resolved to receive and note the contents of the report.

10. EXTERNAL AUDIT - UPDATE - ERNST AND YOUNG

Alan Witty (Ernst and Young, external auditors) submitted a letter (circulated, now appended) concerning the 2013/14 external audit fee and the planned external audit work.

Resolved to note the plan programme and reporting and to agree the external audit planned audit fee.

11. INVESTIGATIONS TEAM - END OF YEAR REPORT

The Head of Finance submitted a report (previously circulated, now appended).

Resolved:-

- (1) To note the contents of the report;
- (2) To ask that in future fraud investigation reports appropriate benchmarking data be included.

12. MINUTES

Resolved that the minutes (previously circulated) of the minutes of the meeting of the Committee held on 18th April be approved as a correct record.

13. DATES AND TIMES OF MEETINGS

Resolved to note that the Committee would meet at 6.00 pm on the following dates in the remainder of the current Council Year:-

- Thursday 26th September 2013
- Thursday 28th November 2013
- Thursday 27th February 2014
- Thursday 24th April 2014

The meeting started at 6.00 pm and ended at 7.06 pm

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Peter Sloman
Chief Executive
Oxford City Council
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Oxford OX1 1BX

23 April 2013

Ref: 2013/14 Fee letter

Direct line: 07769 932604

Email: MGrindley@uk.ey.com

Dear Peter

Oxford City Council
Audit and certification fees 2013-14

We are writing to confirm the 2013-14 audit and certification work we propose to undertake. The 2013-14 fees reflect the risk-based approach promoted by the Audit Commission for audit and certification work.

Planned audit fee

The audit fee covers the work we perform to provide our:

- ▶ Opinion on the financial statements
- ▶ Value for money conclusion
- ▶ Report to the National Audit Office on the Whole of Government Accounts

The Audit Commission has set scales of fees as part of its five year procurement exercise. It has indicated scale fees are not liable to increase in that period unless there is a change in scope. For 2013-14 the Audit Commission has set a scale fee for each audited body. The scale fee is based on certain assumptions, including:

- ▶ The overall level of risk in relation to the audit of the financial statements, Whole of Government Accounts and proper arrangements is not significantly different from that of the prior year
- ▶ Reliance can be placed on the work of internal audit to the maximum extent possible under auditing standards
- ▶ The financial statements will be available in line with the agreed timetable
- ▶ Working papers and records provided in support of the financial statements are of a good quality and are provided in line with agreed timetable
- ▶ Prompt responses are provided to draft audit reports

Meeting these assumptions will help ensure the delivery of an audit at the audit scale fee.

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We have set the planned audit fee at the scale fee level which assumes the overall level of risk is not significantly different from that of 2012-13. The 2012-13 audit is in progress. We will update our risk assessment and undertake more detailed planning for the 2013-14 audit after we complete the 2012-13 audit.

Where the Department for Work and Pensions raises queries on the certified 2012-13 housing and council tax benefit claim further work and extra fee will be required.

Certification fee

The Audit Commission has set a composite indicative fee for certification work for each audited body. The indicative fee is based on actual 2011-12 certification fees adjusted to reflect the fact that a number of schemes will no longer require auditor certification, and incorporating a 40 per cent reduction.

The composite indicative fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

The indicative certification fee for 2013-14 relates to work on grant claims and returns for the year ended 31 March 2014. We have set the certification fee at the composite indicative fee level which assumes the same level of work on claims and returns as 2011-12. We will update our risk assessment after we complete 2012-13 certification work and to reflect further changes in the Audit Commission's certification arrangements.

Summary of fees

	Planned fee 2013-14 £	Planned fee 2012-13 £	Actual fee 2011-12 £
Code audit fee	114,000	114,000	200,000
Certification fee	39,900	36,850	75,165
Non-audit work	0	0	0

The planned audit and certification fees will be billed in quarterly instalments of £38,475.

Any additional work we may agree to undertake (outside of the Audit Code of Practice) will be separately negotiated and agreed with you in advance.

Audit plan

We will issue our 2013-14 audit plan for the audit of the financial statements, Whole of Government Accounts and proper arrangements in December 2013. This will detail the financial statement and value for money conclusion risks identified, planned audit procedures to respond to those risks, and any changes in fee. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Jackie Yates Executive Director, Organisational Development & Corporate Services and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit and Governance Committee.

Audit team

The key members of the audit team for 2013-14 are:

Maria Grindley
Director

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Alan Witty
Manager

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We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely

Maria Grindley, Director
Ernst & Young LLP
United Kingdom

cc. Cllr. Mike Rowley
Jackie Yates

Chair of Audit and Governance Committee
Executive Director, Organisational Development & Corporate Services

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