

Oxford City Council  
Year ending 31 March 2014

Audit Progress Report

April 2014

Audit and Governance Committee  
Oxford City Council  
Town Hall Offices  
St Aldates  
Oxford  
OX1 1BX

24 April 2014

Dear Councillors

Audit Progress Report - 2013-14

We are pleased to attach our Audit Progress Report.

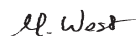
The purpose of this report is to provide the Audit and Governance Committee with an overview of the stage we have reached in your 2013-14 audit and ensure our audit is aligned with the Committee's expectations.

Our audit will be undertaken in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Audit Commission Standing Guidance, auditing standards and other professional requirements.

We brought our Audit Fee Letter to the June 2013 Audit and Governance Committee.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Mick West  
Director  
For and behalf of Ernst & Young LLP  
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# 1. Planned work

## Meetings

We will continue regular meetings with key officers as part of our ongoing audit process including:

- ▶ Fortnightly meetings with key finance staff during the opinion audit visit to discuss significant risks around the accounts, and updates on our work
- ▶ Quarterly meetings with the Executive Director of Organisation Development and Corporate Services and Senior Finance Officers to discuss the significant risks faced by the Council and our approach and progress with the audit

## Walk throughs and tests of control

We will have completed the majority of our walk throughs by the date of the Audit and Governance Committee. We have reviewed the work of Internal Audit where completed and appropriate. We are waiting for the following Internal Audit reports to review:

- ▶ Accounts payable
- ▶ Accounts receivable
- ▶ Fixed assets

Where we plan to rely on controls we are now selecting the controls that we will test. To date our work has not identified any issues that we need to bring to your attention as those charged with governance.

## Value for money assessment

We have started our assessment for our value for money work in line with the Audit Commission's specified criteria and areas of focus. We reported risks in our audit plan which came to the February Audit and Governance Committee and there are no further issues or risks from our ongoing review to raise at this stage.

## Financial statements

We will update our risk assessment for our financial statement work following completion of our interim work. We reported risks in our audit plan which came to the February Committee. We have identified a further significant risk relating to the NNDR provision for appeals:

### NNDR appeals provision

The new NDR system introduced full accrual accounting. One of the consequences of this is that billing authorities, such as the Council, will now have to calculate a provision in respect of valuation appeals that have yet to be decided at the year end. Previously, the impact of these appeals was not recognised until the appeal had been settled. Any outstanding appeals at 31 March 2013, not previously provided for, became a liability of the Council's Collection Fund on transition.

Our approach will focus on an early discussion of the approach taken to calculating the provision against the criteria set out in IAS 37 and a review of the supporting evidence to that approach.

#### Claims and returns certification 2013-14

We have not yet started work on the certification of your 2013-14 claims and returns. We plan to start work on your housing benefit subsidy claim in June and on your pooling of housing capital receipts return in August 2014.

We are no longer required to carry out Audit Commission certification work for the national non-domestic rates return or council tax benefits in the benefits subsidy claim. The Audit Commission certification scale fee has been revised to £35,275 to reflect these changes.

## 2. Timetable

### Audit and Governance Committee Timeline

We have set out below a timetable showing the key stages of the audit, including the value for money work and the work on Whole of Government Accounts, and the deliverables we have agreed to provide to you through the 2013-14 Audit and Governance Committee cycle.

We will provide formal reports to the Audit and Governance Committee throughout our audit process as outlined below. Where required, we will issue an Interim Report, summarising the findings from our audit at that stage. From time to time matters may arise that require immediate communication with the Committee and we will discuss them with the Committee Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter in order to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work.

Audit phase	Timetable	Deliverables
High level planning:	June 2013	Fee letter taken to the June 2013 Audit and Governance Committee
Risk assessment and setting of scopes	December/ January	Report on the audit of 2012-13 grant claims
Testing of routine processes and controls	February 2014	Audit plan
Value for money conclusion	February/September 2014	Ongoing
Update on progress and interim feedback	April 2014	Progress report
Year-end audit	July – September 2014	Report to those charged with governance  Audit report (including our opinion on the financial statements and value for money).  Audit completion certificate  Whole of Government Accounts certification
Reporting	October 2014	Annual Audit Letter
Claims and returns	December 2014	Annual certification report

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters through our Sector Briefings.

### Planning discussions

We will update our planning throughout the course of our audit.

## Appendix 1: Audit Progress

### *Progress against key deliverables*

Key deliverable	Timetable in plan	Status	Comments
Fee Letter	June 2013	Completed	Reported to Those Charged With Governance July 2013
2012-13 grant claim report	January 2014	Completed	Reported to Those Charged With Governance February 2014
Audit Plan	January 2014	Completed	Reported to Those Charged With Governance February 2014
Report to Those Charged with Governance	September 2014	not due	
Audit Report (including opinion and vfm conclusion)	September 2014	not due	
Audit Certificate	September 2014	not due	
WGA Certificate	October 2014	not due	
Annual Audit Letter	October 2014	not due	
Report on the Audit of Grant Claims	January 2015	not due	

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