

Audit Commission Progress Report

Oxford City Council
Date **June 2012**



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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.

Introduction

1 My 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 I have made in delivering my work.

2 My audit plan sets our work based on the Audit Commission's risk-based approach to audit planning. 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.

3 In carrying out my audit work, I comply with the statutory requirements governing it, in particular the:

- Audit Commission Act 1998; and
- Code of Audit Practice (the Code).

2011/12 audit work

4 My work in 2011/12 will consist of an audit of financial statements, an assessment of your arrangements for economy, efficiency and effectiveness in your use of resources and testing of your Whole of Government Accounts return in line with NAO guidance. My planned outputs are set out in Appendix 1.

5 I have completed my interim work and no internal control issues have been identified which I need to bring to your attention. I have summarised my controls testing in Appendix 2. Overall I have identified improvements in the operation of your controls and this represents an improving trend as I found more controls working as intended this year. However there are some areas where the operation of controls in the systems needs to be improved.

6 Regular meetings are held with the Council's Finance Team to discuss progress in preparing financial statements and emerging issues such as the need for Group Accounts and lease disclosures.

7 I have sought to undertake early testing in a number of areas including:

- Substantive testing of property plan and equipment disposals
- Checked transactions relating to the HRA new self financing arrangements
- Undertaken a review of the Council's approach to heritage assets and tested for completeness
- Reviewed assets held for sale in 2010/11 for movement in 2011/12
- Agreed NNDR payments to supporting information
- Agreed housing benefit subsidy received to supporting information

- Checked that last year's closing balances have been brought forward correctly.

8 I am pleased that I have been able to start my testing early and discuss the emerging issues as they arise. It this should help to reduce the workload of both the Council's staff and my team as we both work towards meeting statutory deadlines.

Audit Commission updates

The Commission produces regular updates of issues for auditors to bring to the attention of those charged with governance. These focus on specific developments that could have an impact on the Council's activities and so the following are areas that may be of interest to Committee members.

No recent updates - the next version not due until Thursday 14 June at the earliest. I'll remove this section if not received by then.

DRAFT

Appendix 1 Planned outputs

Audit Plan	Work carried out	Lead officer	Status	Start date	Draft report date	Final report date
2011/12 Audit						
Audit Fee Letter	Sets out audit fee.	Chief Executive	Complete	March 2011	March 2011	26 April 2011
Audit Opinion Plan	Provides detail of our opinion work.	Chief Executive and Corporate Director Finance & Efficiency	Presented to February 2012 Audit and Governance Committee meeting	December 2011	January 2012	January 2012
Opinion on accounts and VFM conclusion: <ul style="list-style-type: none"> interim visit IFRS restatement final accounts vfm conclusion 	Audit of financial statements leading to audit opinion and vfm conclusion.	Corporate Director Finance & Efficiency		January 2012	September 2012	
Whole of Government accounts	Audit of WGA data returns	Head of Finance		July 2012	September 2012	

Audit Plan	Work carried out	Lead officer	Status	Start date	Draft report date	Final report date
Annual Audit Letter 2011/12	Summary of the audit.	Chief Executive and Corporate Director Finance & Efficiency		September 2012	October 2012	

Grant claims 2011/12							
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	Work started 12 June 2012	31 May 2012	27 April 2012	30 November 2012	
HOU01	Housing Subsidy	Jane Rees		30 September 2012		31 December 2012	
LA01	NNDR	Adrian Wood		June 2012		28 September 2012	
CFB06	Pooling of Housing Capital Receipts	Debbie Williams		June 2012		30 September 2012	

Appendix 2 Interim update

The following table summarises our work on controls within material financial systems.

System	Audit Assertions										Comments/further action
	Completeness	Cut off	Classification	Accuracy	Occurrence	Existence	Valuation & allocation	Rights and obligations			
Payroll	YES	YES	YES	YES	YES	n/a	n/a	n/a	n/a	n/a	Reliance can be placed on controls
Accounts Payable	Need to test year end reconciliation to General Ledger	Need to test year end reconciliation to General Ledger	YES	YES	YES	YES	YES	YES	YES	YES	Test year end reconciliation
Housing Benefit	NO - weekly reconciliation not reviewed	Test year end accrual	NO - weekly reconciliation not reviewed	YES	YES	n/a	n/a	n/a	n/a	n/a	Test year end accrual
Council tax	Need to test year end reconciliation to General Ledger	Need to test year end reconciliation to General Ledger	Need to test year end reconciliation to General Ledger	YES	Need to test year end reconciliation to Valuation Officer reports	n/a	n/a	n/a	n/a	n/a	Test year end reconciliation
Business Rates	YES	Need to test year end reconciliation to General	Need to test year end reconciliation to General	YES	YES	n/a	n/a	n/a	n/a	n/a	Test year end reconciliation

		Ledger	Ledger	Ledger									
Car park income	NO - daily reconciliation of cash collected to machine tickets failed (difference not investigated)	YES	NO - daily reconciliation of cash collected to machine tickets failed (difference not investigated)	NO - daily reconciliation of cash collected to machine tickets failed (difference not investigated)	NO - daily reconciliation of cash collected to machine tickets failed (difference not investigated)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	This failure was identified by Internal Audit. I re-performed their work on a sample basis and reached the same conclusion. Test substantively at year end.
Accounts Receivable	Need to test year end reconciliation to General Ledger	YES	Need to test year end reconciliation to General Ledger	Need to test year end reconciliation to General Ledger	YES	YES	YES	YES	YES	YES	YES	YES	Test year end reconciliation
Plant, Property and Equipment	NO - no in year controls identified	NO - no in year controls identified	NO - no in year controls identified	NO - no in year controls identified	NO - no in year controls identified	NO - no in year controls identified	NO - no in year controls identified	NO - no in year controls identified	NO - no in year controls identified	NO - no in year controls identified	NO - no in year controls identified	NO - no in year controls identified	Substantively test balances in the financial statements
Treasury Management	YES	Need to test year end reconciliation to General Ledger	Need to test year end reconciliation to General Ledger	Need to test year end reconciliation to General Ledger	YES	YES	YES	YES	YES	YES	YES	YES	Test year end reconciliation
Housing Rents	NO - cash received reconciliation was not being reviewed for pre Oct 2011	NO - cash received reconciliation was not being reviewed for pre Oct 2011	NO - cash received reconciliation was not being reviewed for pre Oct 2011	NO - cash received reconciliation was not being reviewed for pre Oct 2011	NO - cash received reconciliation was not being reviewed for pre Oct 2011	NO - cash received reconciliation was not being reviewed for pre Oct 2011	NO - cash received reconciliation was not being reviewed for pre Oct 2011	NO - cash received reconciliation was not being reviewed for pre Oct 2011	NO - cash received reconciliation was not being reviewed for pre Oct 2011	NO - cash received reconciliation was not being reviewed for pre Oct 2011	NO - cash received reconciliation was not being reviewed for pre Oct 2011	NO - cash received reconciliation was not being reviewed for pre Oct 2011	Test year end reconciliation
GL	Test TB=0 and bank reconciliation at year end	n/a	Test clearing of suspense account at year end	Test clearing of suspense account at year end	YES	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Complete testing at final accounts

Table key:

Green - control working as intended and can be relied upon

White - No control failures identified to date but top up testing required at year end.

Red - Control failure and I am unable to rely on the control for my purposes.

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