

Audit Progress Report

Oxford City Council

14 December 2016

Ernst & Young LLP



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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies 2015-16’. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This progress update is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – 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, you may take the issue up with your usual partner or director contact. 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. We can provide further information on how you may contact our professional institute..

1. Planned work

Fee Letter

We issued our 2016/17 fee letter to the Council in April 2016.

Financial Statements

We adopt a risk based approach to the audit and, as part of our ongoing continuous planning we continue to meet key officers regularly to ensure the 2016/17 audit runs as smoothly as possible and identify any risks at the earliest opportunity.

Planning and interim visit

We will start our work to identify the Council's material income and expenditure systems and to walk through these systems in early 2017. We will also start detailed substantive testing of income and expenditure transactions during this time.

There are no matters arising from our initial planning meetings that we need to bring to your attention at this stage. We will update the Committee when the planning and early substantive testing has been completed.

Our detailed audit plan, setting out the risks we have identified and the work we will undertake in response, will be presented to the Audit and Governance Committee in March 2017.

We will continue to use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular payroll and journal entries. We will obtain month 9 data which will be used for our early substantive testing as well as year-end data.

We will also review and report to the National Audit Office, to the extent and in the form required by them, on your whole of government accounts return.

Value for money

The Comptroller and Auditor General (C&AG) has now issued Auditor Guidance Note 3 (AGN 03) – Auditors' work on VFM arrangements.

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

For 2016-17 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

Housing Benefits Grant Claim – 2015/16

Work is currently ongoing in testing the housing benefits grant claim. We will be bringing our reported findings to the next Audit and Governance Committee in March but can provide a verbal update at the Committee itself as the work will have been completed by this Committee.

Other Issues of Interest

We will continue to bring our sector briefings to Audit and Governance Committee meetings and discuss key issues with the Committee.

If members of the Audit and Governance Committee have any particular issues they want to discuss with us we would be pleased to discuss these with you.

2. Timetable

Audit Committee Timeline

We have set out below a timetable showing the key stages of the audit, including the value for money work and the whole of government accounts, and the deliverables we have agreed to provide to you through the 2016/17 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 Audit and Governance Committee and we will discuss them with the Audit and Governance Committee Chair as appropriate.

Following the conclusion of our audit we will prepare Annual Audit Letters 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:	April 2016	Fee Letter provided to the Council
Start of interim work	December 2016	Progress Report
Risk assessment and setting of scopes	March 2017	Audit Plan
Update on work completed to date	June 2017	Progress Report
Value for money conclusion	December 2016 to May 2017	Ongoing
Year-end audit	June to July 2017	Report to those charged with governance Audit reports (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources). Audit completion certificate Whole of Government Accounts Certifications
Reporting	December 2017	Annual Audit Letter

Appendix A Audit Progress

Progress against key deliverables

Key deliverable	Timetable in plan	Status	Comments
Fee Letter		Completed	
Audit Plan	March 2017	Not due yet	
Report to Those Charged with Governance	September 2017	Not due yet	
Audit Report (including opinion and vfm conclusion)	September 2017	Not due yet	
Audit Certificate	September 2017	Not due yet	
WGA Certificate	September 2017	Not due yet	
Annual Audit Letter	December 2017	Not due yet	

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