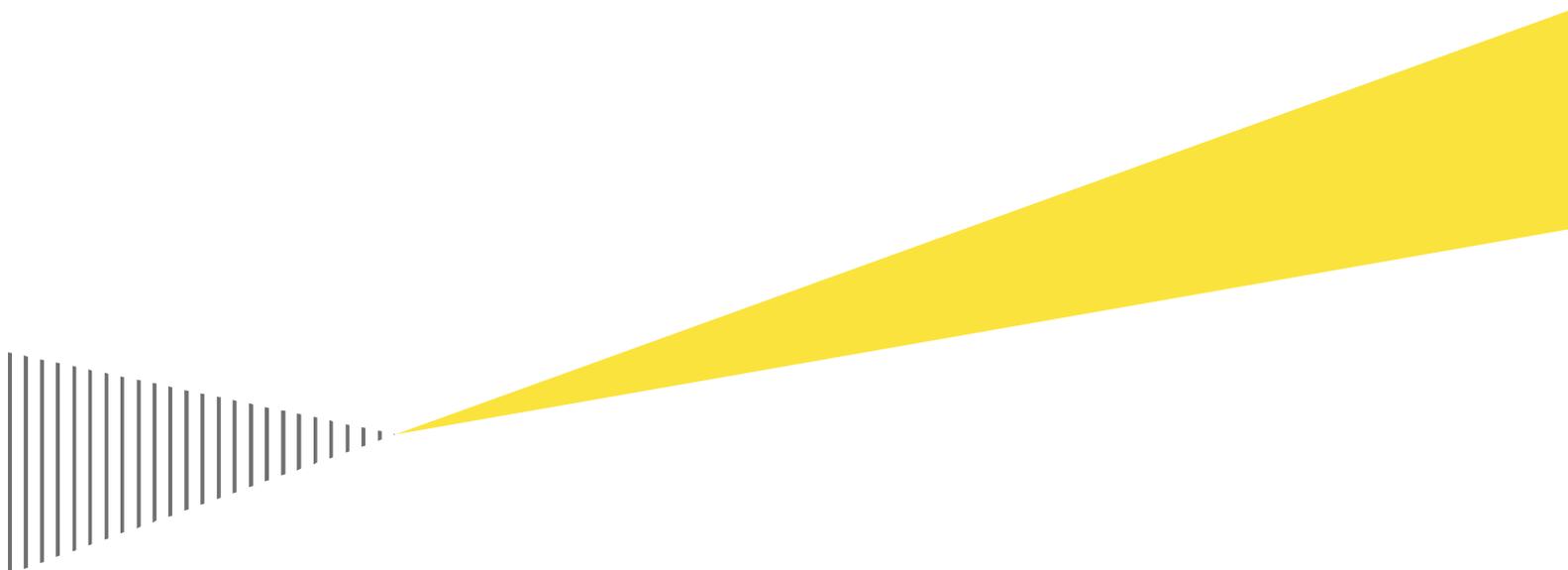


# Audit Progress Report

Oxford City Council

28 June 2017

Ernst & Young LLP



Members of the Audit and Governance Committee  
Oxford City Council  
Oxford Town Hall  
St Aldate's  
Oxford  
OX1 1BX

28 June 2017

Dear Members,

## **Audit Progress Report 2016/17**

We are pleased to attach our Audit Progress Report.

The report sets out the work we have completed since our last report to the Audit and Governance Committee. Its purpose is to provide the Committee with an overview of the stage we have reached in your 2016/17 audit and to ensure our audit is aligned with Committee expectations.

Our audit is undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

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

Yours faithfully

Paul King  
Executive Director  
For and behalf of 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](http://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 and Audit Plan

We issued our 2016/17 fee letter to the Council in April 2016 and our audit plan went to the Audit and Governance Committee on 1 March 2017.

### 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 to identify any risks at the earliest opportunity. This includes meetings with staff from the Council to discuss issues arising from the 2015/16 audit and to examine ways to enhance the audit process for the 2016/17 financial statements, in particular to carry out early substantive testing as set out below.

#### Interim visit

##### Systems

We completed our interim work to identify the Council's material income and expenditure systems and to walk through these systems in January 2017. Our walkthroughs highlighted the following issue:

- Review of Cash and Bank reconciliations has not been appropriately evidenced during the year.

We have discussed this issue with management and updated arrangements have been put in place to resolve this issue for future reconciliations. We will test the year end reconciliations as part of our final accounts testing to confirm that this has taken place.

#### Early Substantive Testing

We scheduled an interim visit in February and March 2017 to carry out early substantive testing for the first nine months of the year

Our main areas of focus were:

- ▶ income and expenditure testing;
- ▶ Property, Plant and Equipment (PPE) additions, disposals and existence testing;
- ▶ review of significant contracts;
- ▶ accounting policies;
- ▶ exit packages; and
- ▶ testing of starters and leavers to month nine.

Where we have completed testing to month nine, we will perform top up testing of these balances at year end. Carrying out this early substantive testing will reduce the time required to complete the audit at the post statements stage of the audit.

Our early substantive testing has not identified any issues we wish to bring to your attention. Nor have we have not identified any additional significant risks which we need to bring your attention and therefore at this stage the significant risks we presented in the Audit Plan are those on which we will focus our audit procedures.

## **Value for money**

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

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.

Our work on the value for money conclusion is ongoing. We have no issues to bring to your attention at this stage.

## **Other Issues of Interest**

We will continue to send our sector briefings to members 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 do so.

## 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 deliverables we have agreed to provide to you through the 2016/17 Audit and Governance Committee cycle.

We will report to the Audit and Governance Committee throughout the audit as outlined below. This report summarises the progress made at this point. From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit and Governance Committee Chairman as appropriate.

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

Audit phase	Timetable	Deliverables
High level planning:	<b>April 2016</b>	Fee Letter provided to the Council
Start of interim work	<b>December 2016</b>	Progress Report
Risk assessment and setting of scopes	<b>February 2017</b>	Audit Plan
Early Substantive Testing	<b>March 2017</b>	Progress Report
Update on work completed to date	<b>June 2017</b>	Progress Report
Value for money conclusion	<b>December 2016 to July 2017</b>	Ongoing
Year-end audit	<b>June to July 2017</b>	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	<b>September 2017</b>	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	Completed	
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	September 2017	Not due yet	

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