

Audit Commission Progress Report

Oxford City Council

Date **June 2011**



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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 the work set out in my 2010/11 audit plan.

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.

Our responsibilities

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

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

4 My audit plan is consistent with the Commission's Strategic Plan.

5 The new Audit Commission Code came into effect from March 2010 which sets out my principal objectives are to report on the Council's:

- financial statements; and
- arrangements for securing economy, efficiency and effectiveness in its use of resources.

2010/11 audit work

6 My work on your control environment and financial systems is being finalised. My interim report is with the Council. The main issues arising concern the completion of the IFRS restatement of 2009/10 financial statements and improving the operation of control account reconciliations.

7 The Council's preparation of IFRS restated accounts for 2009/10 caused concern.

8 It was agreed at the January Audit and Governance Committee that the Council would produce IFRS compliant restated 2009/10 financial statements by 21 February 2011.

9 We have had problems getting the information through to complete our work on IFRS. Council officers informed us in April that the accounts we had been working on were in fact incorrect and that they needed to do more work on these and we would have revised statements in the following week. We moved our resources to accommodate this but officers were not able to get the required information to us as agreed. We agreed a revised date in the following week but again the information was not available. Officers then

informed us that it would take more time than anticipated to prepare them and the revised accounts were received on the 9 May. I have auditors working on these statements as this report was prepared for Audit Committee papers. I will update the Audit Committee on progress at the 30 June 2011 meeting.

10 The delays and the impact on resourcing and our initial work that has had to be redone have resulted in additional time being spent on the audit and therefore this will result in additional fee which we will quantify and report to you once the work is completed. I will keep officers informed of progress in the meantime.

11 I will give my VFM conclusion on the arrangements to secure economy, efficiency and effectiveness based on two criteria, specified by the Commission, related to a council's arrangements for:

- securing financial resilience – focusing on whether the council is managing its financial risks to secure a stable financial position for the foreseeable future; and
- challenging how it secures economy, efficiency and effectiveness – focusing on whether the council is prioritising its resources within tighter budgets and improving productivity and efficiency.

12 I have completed my risk assessment. To support my judgements I will:

- take into account my previous VFM work and being forward assurances where I can;
- review Audit Commission VFM Profiles;
- consider how the Council is managing the consequences of the 2010/11 review by reviewing financial reports and plans including the medium term financial strategy; and
- assess how the Council is trying to maintain services and effectiveness with reduced funding by reviewing plans and performance reports.

Reporting

13 Draft and final reports will be sent to lead officers for comment. The lead officer must respond to us, and where appropriate complete an accompanying action plan, within two weeks of receipt.

14 Final audit reports will be reported to the Director of Finance and Efficiency before reporting to the Audit and Governance Committee.

15 A summary of the key findings will be reported in the Annual Audit Letter.

Progress

16 Progress so far on our main blocks of work is set out in the attached appendix.

Key contacts

17 If you have any concerns about the audit then please contact myself or Alan Witty.

Name	Title
Maria Grindley	District Auditor 0844 798 8952 m-grindley@audit-commission.gov.uk
Alan Witty	Audit Manager 0844 798 8956 a-witty@audit-commission.gov.uk

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Appendix 1 Planned outputs

Audit Plan	Work programmed or carried out	Lead officer	Status	Start date	Draft report date	Final report date
2010/11 Audit						
Audit Fee Letter	Sets out the agreed content and timing of all aspects of the external audit for the financial year 2010/10.	Chief Executive	Fee discussed with Chief Executive before presentation to Audit and Governance Committee	March 2010	March 2010	9 April 2010
Audit Opinion Plan	Sets out in detail our opinion work for financial year 2010/11.	Chief Executive and Corporate Director Finance & Efficiency	Draft plan produced now finalised.	December 2010	January 2011	January 2011
Annual Audit Letter 2010/11	Draws together the main findings of the audit.	Chief Executive and Corporate Director Finance & Efficiency	Not yet due	November 2011	November 2011	

Audit Plan	Work programmed or carried out	Lead officer	Status	Start date	Draft report date	Final report date
Opinion						
Interim visit	Assessment of Council's key financial systems including the evaluation and testing of key controls (reliance on internal audit as appropriate).	Corporate Director Finance & Efficiency	In progress - draft report and action plan with officers for completion.	January 2011	April 2011	
Final Accounts	Audit of financial statements leading to; <ul style="list-style-type: none"> audit opinion on the financial statements. assessment whether the Annual Governance Statement has been presented meeting relevant requirements. 	Head of Finance	Not due to start yet	11 July 2011	30 September 2011 for issue of opinion	
Whole of Government accounts	Audit of WGA data returns to ensure consistency with main financial statements.	Head of Finance	Not due to start yet	11 July 2011	October 2010	
Value for money conclusion						
Value for money conclusion	Undertake enough work to give our VFM conclusion on the arrangements to secure economy, efficiency and	Corporate Director Finance & Efficiency	Planning stage completed	January 2011	30 September 2011 for issue of	

Audit Plan	Work programmed or carried out	Lead officer	Status	Start date	Draft report date	Final report date
	effectiveness based on two criteria, related to a council's arrangements for: <ul style="list-style-type: none"> • securing financial resilience; and • challenging how it secures economy, efficiency and effectiveness. 				opinion	
Follow-up of previous external audit work.	A follow-up of recommendations from previous external audit work.	Corporate Director Finance & Efficiency	This will be completed throughout the audit and reported in my annual audit letter.	January 2011	September 2011	

Grant claims 2010/11							
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		31 May 2011		30 November 2011	
HOU01	Housing Subsidy	Jane Rees		30 September 2011		31 December 2011	

HOU02	Base data return	Jane Rees		31 August 2011		7 October 2011
HOU21	Disabled facility grant	Paul Swaffield/ John Exeley		30 June 2011		28 October 2011
LA01	NNDR	Adrian Wood		24 June 2011		23 September 2011
CFB06	Pooling of Housing Capital Receipts	Debbie Williams		30 June 2011		30 September 2011

Note:

The above list is where a return is definitely required. Other returns may be relevant to the Council and the Council will need to ensure claims are submitted on time. Submission dates quoted are subject to final confirmation from the appropriate government department.

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

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