

Oxfordshire County Council

Audit and Governance Committee

External Audit Progress Report

December 2017



Building a better
working world



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19 December 2017

Dear Committee Members

Audit Progress Report

We are pleased to attach our Audit Progress Report. Its purpose is to provide the Committee with an overview of the progress that we have made with the work that we need to complete during the 2017/18 audit. This report is a key mechanism in ensuring that our audit is aligned with the Committee's service expectations. We will bring a progress report to each Committee except for those where we will bring the Audit Plan or the Audit Results Report.

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 understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Paul King
Associate Partner
For and behalf of Ernst & Young LLP

Contents

2017/18 audit	2
Timetable	4

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.psaa.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 and Governance 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.

2017/18 audit

Planning

We are currently carrying out our planning procedures on the 2017/18 audit and intend to present our 2017/18 Audit Plan to the Audit and Governance Committee in March 2018. Thereafter we will keep the plan under review and will inform you of any changes to our risk assessments and planned work.

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 2017/18 audit runs as smoothly as possible and identify any risks at the earliest opportunity. This includes meetings with staff to discuss issues arising from the 2016/17 audit and to examine ways to enhance the audit process for the 2017/18 accounts as well as continuing discussions with officers on key technical accounting issues.

Interim visit

Systems

We undertook our interim work to identify the Council's material income and expenditure systems and to walk through these systems in December 2017. These walkthroughs cover both the elements carried out by the Integrated Business Centre in Hampshire and the elements carried out by Oxfordshire County Council. There are no issues arising from this work.

Early Substantive Testing

We have also carried out early substantive testing in December 2017 on key items of income and expenditure at that point in the year. There are no issues arising from this work.

We have a further audit visit planned in March to carry out more extensive early substantive procedures which will include further tests of income and expenditure, as well as testing on payroll and on property, plant and equipment. It is our intention to bring as much testing as possible forward to this visit in order to reduce the amount of testing required after the year end and facilitate the earlier close timetable.

In addition to the above work we have communicated our year-end working paper requirements to key officers. To ensure a smooth delivery of the year end we will continue to have regular meetings with key officers as part of our ongoing audit process.

Value for money

The Comptroller and Auditor General (C&AG) 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 in the use of resources.

For 2017/18 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.

Our work on the value for money conclusion is ongoing.

Other areas of work completed – Teachers’ Pensions

Since the last Audit and Governance Committee we have completed our work on the Council’s Teachers’ Pension return for 2016/17.

This identified one minor finding reconciling the teachers and employers contributions back to the system (£89 and £489 respectively). The Council will correct these in 2017/18.

Audit and Governance 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.

Timetable

We set out below a timetable showing the key stages of the audit, including the value for money work, and the deliverables we will provide to you through the 2017/18 Audit and Governance Committee cycle.

Audit phase	Timetable	Audit and Governance Committee timetable	Deliverables
High level planning, risk assessment and setting of scopes	November 2017- January 2018	March 2018	Audit Plan
Testing routine processes and controls and early substantive testing	December 2017 – March 2018	April 2018	Progress report
Year-end audit	June – July 2018		
Completion of audit	July 2018	July 2018	Report to those charged with governance via the Audit Results Report Audit report (including our opinion on the financial statements; and our value for money conclusion). Reporting to the NAO on the Whole of Government Accounts return. Audit completion certificate
Conclusion of reporting	July- August 2018	September 2018	Annual Audit Letter

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