



Audit & Governance Committee Wednesday, 15 January 2020

ADDENDA

6. External Auditors (Pages 1 - 8)

3.10pm

Representatives from the external auditors Ernst & Young will attend to present a report.

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Audit Progress Report

Oxfordshire County Council

January 2020

Ernst & Young LLP



Members of the Audit and Governance Committee
Oxfordshire County Council
County Hall
New Road
Oxford
OX1 1ND

10 January 2020

Dear Members,

Audit Progress Report 2019/20

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 2019/20 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



Janet Dawson
Partner
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.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 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 2019/20 Fee Letter to the Council in April 2019 and our 2019/20 Audit Plan will be presented to the Audit and Governance Committee meeting on 18 March 2020. The Audit Plan will be ready in advance of the March meeting and we will be happy to circulate this to members separately in advance of that meeting.

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 2019/20 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 2018/19 audit and to examine ways to enhance the audit process for the 2019/20 financial statements, in particular, to carry out early substantive testing as set out below.

Planning and Interim visit

Systems

We are currently in the process of completing our planning work to identify the Council's material income and expenditure systems and to walk through these systems in January and February 2020.

Early Substantive Testing

We have scheduled an interim visit in February 2020 to carry out early substantive testing covering the first nine months of the year. Our main areas of focus will be:

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

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

Should we identify any issues as part of our substantive testing that we wish to bring to your attention we will do so at the earliest available opportunity.

Other Issues of Interest

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 2019/20 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: | April 2019 | Fee Letter provided to the Council |
| Risk assessment and setting of scopes | December 2019 to March 2020 | Audit Plan |
| Early Substantive Testing | February and March 2020 | |
| Update on work completed to date | April 2020 | |
| Value for money conclusion | December 2019 to July 2020 | Ongoing |
| Year-end audit | June to July 2020 | 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 | September 2020 | Annual Audit Letter |

EY | Assurance | Tax | Transactions | Advisory

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