

# Annual Audit Letter

Year end 31 March 2014

Oxfordshire County Council

15 October 2014

Ernst & Young LLP



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The Members  
Oxfordshire County Council  
County Hall  
New Road  
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15 October 2014

Dear Members,

## Annual Audit Letter

The purpose of this Annual Audit Letter is to communicate to the Members of Oxfordshire County Council and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to their attention.

We have already reported the detailed findings from our audit work to those charged with governance of Oxfordshire County Council in the following reports:

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2013/2014 Audit results report for Oxfordshire County Council	Issued 24 September 2014
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2013/2014 Audit results report for the Oxfordshire County Council Pension Fund	Issued 24 September 2014
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The matters reported here are the most significant for the Authority.

I would like to take this opportunity to thank the officers of Oxfordshire County Council for their assistance during the course of our work.

Yours faithfully,

**Maria Grindley**  
Director  
For and behalf of Ernst & Young LLP  
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# 1. Executive summary

Our 2013/2014 audit work has been undertaken in accordance with the Audit Plan we issued on 26 February 2014 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Authority reports publicly on an annual basis on the extent to which they comply with their own code of governance, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ Forming an opinion on the financial statements;
- ▶ Reviewing the Annual Governance Statement;
- ▶ Forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources; and
- ▶ Undertaking any other work specified by the Audit Commission.

Summarised below are the conclusions from all elements of our work:

Audit the financial statements of Oxfordshire County Council and its Pension Fund for the financial year ended 31 March 2014 in accordance with International Standards on Auditing (UK and Ireland)	On 24 September 2014 we issued unqualified audit opinions in respect of both the Authority and the Pension Fund.
Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.	On 24 September 2014 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance of the Authority (the Audit Committee) communicating significant findings resulting from our audit.	On 24 September 2014 we issued two reports, one in respect of the Authority and the other in respect of the Pension Fund.
Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 24 September 2014
Consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA/SOLACE guidance.	No issues to report.
Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.	No issues to report.
Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.	No issues to report.

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Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

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On 24 September 2014 we issued our audit completion certificate.

## 2. Key findings

### 2.1 Financial statement audit

We audited the Authority's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. We issued an unqualified audit report on 24 September 2014.

In our view, the quality of the process for producing the accounts, including the supporting working papers was good

The main issues identified as part of our audit were:

#### Significant risk 1: Academies

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- ▶ We downgraded this risk as we found that the Council has put in place procedures to manage the de-recognition of schools moving to academy status.
  - ▶ Our work on the financial statements confirmed that appropriate action has been taken to remove assets and related income and expenditure transactions.
  - ▶ We did not identify any areas of concern.
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#### Significant risk 2: Risk of management override

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- ▶ Our general audit work on journals, accounting estimates and significant unusual transactions identified no matters that we need to bring to the Council's attention.
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#### Other risks: Pensions valuations

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- ▶ We found that controls were in place to ensure appropriate information is shared with actuaries.
  - ▶ We have assessed the report of the service auditor and our internal review of that report and undertaken additional work as appropriate.
  - ▶ The financial statements accurately reflect the figures in the actuarial report.
  - ▶ We did not identify any areas of concern.
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### 2.2 Value for money conclusion

We are required to carry out sufficient work to conclude on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In accordance with guidance issued by the Audit Commission, in 2013/2014 our conclusion was based on two criteria:

- ▶ The organisation has proper arrangements in place for securing financial resilience; and
- ▶ The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We issued an unqualified value for money conclusion on 24 September 2014. Our audit did not identify any significant matters.

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**Other risk: Achievement of savings plan**

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We found that the Council achieved an underspend against budget and has set a balanced budget for 2014/15. The Council through its medium term financial plan is aware of future budget pressures and is considering a number of ways to improve efficiencies including the outsourcing of back office functions.

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## **2.3 Objections received**

We received no objections to the 2013/2014 accounts from members of the public.

## **2.4 Whole of government accounts**

We reported to the National Audit office on 24 September 2014 the results of our work performed in relation the accuracy of the consolidation pack the Authority is required to prepare for the whole of government accounts. We did not identify any areas of concern.

## **2.5 Annual governance statement**

We are required to consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with CIPFA/SOLACE guidance. We completed this work and did not identify any areas of concern.

## **2.6 Certification of grants claims and returns**

For 2013/2014 we will not be completing any work on claims and returns under the Audit Commission regime and will refund the £700 we had included in our audit fee for such work.

### 3. Control themes and observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal of internal control we communicated to those charged with governance at the Authority, as required, significant deficiencies in internal control.

We completed this work and did not identify any areas of concern.



## 4. Audit Fee

A breakdown of our agreed fee is shown below..

	Proposed Final Fee 2013-14	Scale Fee 2013-14	Explanation of variance
	£	£	
Total Audit Fee – Code work	147,024	146,610	414*
Certification of claims and returns	0	700	fee reduced**
Non-audit work (provide details)	5,971	0	see below***

\* Extra fee for correspondence with members of the public

\*\*There are no grants for 2013/14 which fall under the Audit Commission's regime.

\*\*\* We have undertaken non-audit work outside of the Audit Commission's Audit Code requirements. This was in relation to Oxfordshire County Council Waste PPP.

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