

External audit progress report

July 2011

Oxfordshire County Council

Audit 2010/11

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.

Contents

Introduction	2
Key messages and challenges for the Audit Committee	2
Progress on 2010/11 audit plan.....	3
Appendix 1 Audit timeline	4
Appendix 2 Audit progress	5

Introduction

1 This report identifies the work that I will deliver as part of our 2010/11 plan and progress against that. In addition this report also highlights key messages and challenges for the Audit Committee.

Key messages and challenges for the Audit Committee

2 We have commented previously on the following key areas of challenge and change within the 2010/11 audit:

- implementation of IFRS;
- a more targeted approach to the value for money conclusion;
- the need to review all material year end journals;
- the need to review arrangements for determining Related Party Transactions and accounting estimates.

3 Where we have specific findings on these issues or have identified deficiencies in internal control we will bring those to your attention. We have no such matters to raise within this report.

Progress on 2010/11 audit plan

Timeline of the audit and progress to date

4 The timeline for the audit work for 2010/11 and 2011/12 to end April 2012 is attached at appendix 1. Progress for the key parts of the 2010/11 audit is set out in appendix 2. I will provide reports, or other output as agreed, to the Audit Committee for each of the areas identified in the audit plan in line with the Committee's work plan. I will also ensure that any key messages arising from the audit will be reported to the Audit Committee within this report as they arise.

5 The audit is largely on target with completion of:

- IFRS restatement work;
- VFM conclusion risk assessment;
- Most systems documentation and walkthroughs;
- Most of the controls testing (including work by Internal Audit);
- Some early final accounts planning and work.

IFRS restatement work

6 Our work confirmed that the Council was well prepared for the introduction of IFRS. Restated figures have been tested. We have no issues to raise with you.

VFM Conclusion risk assessment

7 We have completed our risk assessment and identified a risk around achieving the required level of savings to support financial resilience. The Council worked to prudent estimates of savings required by both the spending review and the recession. However the spending review did require greater up front savings in 2011/12 than expected and in total the level of savings required are significantly higher than previously achieved so an inherent risk remains despite the Council's financial management arrangements. In our 2009/10 Annual Audit Letter we recognised the work already done by the Council to identify sufficient savings but also the importance of increasing the degree of corporate challenge in driving the savings. We have been working closely with Internal Audit to address the risk and to ensure that we rely on the outcomes of their work in this area. We will report the work in September.

Financial Systems work

8 We have no issues to raise with you.

Appendix 1 Audit timeline

	Jan 11	Feb	March	Apl	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan 12	Feb	March	Apl
2010/11 audit																
Issue detailed 10/11 plan, IFRS update	-----		-----													
Interim audit work accounts audit	-----					-----										
VFM conclusion			-----					-----								
Opinion Memo										-----						
AAL											-----					
Grants								-----								
2011/12 audit																
Initial planning + fee letter				-----												
detailed planning												-----				
Issue updated audit plan													-----			
Interim audit work														-----		

Appendix 2 Audit progress

Period	Work Planned	Delivered
January	Update Risk assessment and issue detailed audit plan. Finalise report on 2009/10 grants.	Both reports were taken to Audit Committee 19 January 2011.
January - March	Initial review of financial systems. VFM conclusion risk assessment.	Attended financial systems meetings with Internal Audit and also completed some work independently. Carried out vfm conclusion risk assessment. Liaison with IA on vfm conclusion risk around savings.
March	Progress report.	Taken to Audit Committee 2 March 2011.
March - April	IFRS restatement review. Raise any issues re IFRS with officers.	Carried out IFRS restatement work.

Period	Work Planned	Delivered
March - June	<p>Review IA files and testing where we are planning to rely on their work.</p> <p>Complete systems documentation.</p> <p>Complete and top up testing required.</p>	<p>IA files reviewed to date with final top up testing to be reviewed.</p> <p>most systems documentation and walkthroughs completed.</p> <p>Commented on OCC Grants Protocol to strengthen arrangements for 2010/11.</p>
July	<p>Progress Report to Audit Committee.</p>	<p>Taken to Audit Committee 7 July 2011</p>
June - August	<p>Final accounts planning.</p> <p>Delivery of final accounts audit.</p> <p>Vfm conclusion work carried out.</p> <p>Plan and begin grants work.</p>	<p>Some elements of the final accounts audit have already been delivered. Planning will be updated when the draft accounts are received.</p>
September	<p>Complete and review final accounts audit and work on VFM conclusion.</p> <p>Discuss audit findings with S151 officer.</p> <p>Prepare Annual Governance Report.</p> <p>Sign opinions by due date 30 September.</p> <p>Ongoing work on Grants.</p>	

Period	Work Planned	Delivered
21 September Audit Committee	Present Annual Governance Report. Sign accounts opinion, give VFM conclusion.	
October	Prepare opinion audit report to officers (if required). Carry out grants work.	
November	Sign off outstanding grant claims. Prepare Annual Audit Letter.	
16 November Audit Committee	Present Annual Audit Letter.	
November - December	Update 2011/12 audit planning. Complete 2010/11 grant claims certification. Prepare 2010/11 grant report.	
18 January 2012 Audit Cttee	Present updated 2011/12 Audit Plan. Present 2010/11 grant report.	