

**Committee:** Accounts, Audit and Risk Committee  
**Date:** Wednesday 19 January 2011  
**Time:** 6.30 pm  
**Venue:** Bodicote House, Bodicote, Banbury, OX15 4AA

### Membership

<b>Councillor John Donaldson (Chairman)</b>	<b>Councillor Trevor Stevens (Vice-Chairman)</b>
<b>Councillor Ken Attack</b>	<b>Councillor Tim Emptage</b>
<b>Councillor Nicholas Mawer</b>	<b>Councillor Lawrie Stratford</b>
<b>Councillor Rose Stratford</b>	<b>Councillor Barry Wood</b>

## AGENDA

1. **Apologies for Absence and Notification of Substitute Members**

2. **Declarations of Interest**

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

3. **Petitions and Requests to Address the Meeting**

The Chairman to report on any requests to submit petitions or to address the meeting.

4. **Urgent Business**

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

5. **Minutes** (Pages 1 - 4)

To confirm as a correct record the Minutes of the meeting of the Committee held on 13 December 2010.

**6. Update on International Financial reporting Standards (IFRS) and the 2010/11 Year-end Closedown** (Pages 5 - 14)

Report of Head of Finance

**Summary**

The purpose of this report is to provide a brief update to Councillors on the Councils progress towards IFRS and completing the 2010/11 Statement of Accounts under these new standards.

**Recommendations**

The Accounts, Audit and Risk Committee is recommended to:

- (1) Note the contents of this report and the officers' proposed actions to deal with the implementation of IFRS.

**7. Internal Audit Progress Report** (Pages 15 - 28)

Report of Chief Internal Auditor

**Summary**

This report provides the Committee with an update of the work of Internal Audit since the last meeting.

**Recommendations**

The Accounts, Audit and Risk Committee is recommended to:

- (1) Consider and approve this report.

**8. External Audit: Audit Plan 2010/11** (Pages 29 - 62)

Report of Head of Finance

**Summary**

This report sets out the work that the Audit Commission will undertake in order to form an opinion on the financial statements for 2010/11 taking into account risk which satisfies their responsibilities under the Audit Commission's Code of Audit Practice.

**Recommendations**

The Accounts, Audit and Risk Committee is recommended to:

- (1) Note the contents of the report.

## 9. Verbal Updates

### a) Corporate Risk Register

The Head of Finance will update Members on the addition of shared management arrangements with South Northamptonshire Council to the corporate risk register.

### b) Accounts, Audit and Risk Committee Work Programme 2011/12

The Head of Finance will update Members on proposals for the Accounts, Audit and Risk Committee Work Programme 2011/12.

**Councillors are requested to collect any post from their pigeon hole in the Members Room at the end of the meeting.**

## Information about this Meeting

### Apologies for Absence

Apologies for absence should be notified to [democracy@cherwell-dc.gov.uk](mailto:democracy@cherwell-dc.gov.uk) or (01295) 221589 prior to the start of the meeting.

### Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item. The definition of personal and prejudicial interests is set out in the constitution. The Democratic Support Officer will have a copy available for inspection at all meetings.

**Personal Interest:** Members must declare the interest but may stay in the room, debate and vote on the issue.

**Prejudicial Interest:** Member must withdraw from the meeting room and should inform the Chairman accordingly.

With the exception of the some very specific circumstances, a Member with a personal interest also has a prejudicial interest if it is one which a Member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest.

### Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

### Evacuation Procedure

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the car park as directed by Democratic Services staff and await further instructions.

## **Access to Meetings**

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named below, giving as much notice as possible before the meeting.

## **Mobile Phones**

Please ensure that any device is switched to silent operation or switched off.

## **Queries Regarding this Agenda**

Please contact Natasha Clark, Legal and Democratic Services [natasha.clark@cherwell-dc.gov.uk](mailto:natasha.clark@cherwell-dc.gov.uk) (01295) 221589

**Ian Davies**  
**Interim Chief Executive**

Published on Tuesday 11 January 2011

# Agenda Item 5

## Cherwell District Council

### Accounts, Audit and Risk Committee

Minutes of a meeting of the Accounts, Audit and Risk Committee held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 13 December 2010 at 6.30 pm

Present: Councillor John Donaldson (Chairman)  
Councillor Trevor Stevens (Vice-Chairman)

Councillor Ken Atack  
Councillor Tim Emptage  
Councillor Nicholas Mawer  
Councillor Lawrie Stratford  
Councillor Rose Stratford  
Councillor Barry Wood

Also Present: Maria Grindley, District Auditor, Audit Commission  
Nicola Jackson, Audit Manager, Audit Commission

Officers: Mary Harpley, Chief Executive and Head of Paid Service  
Martin Henry, Chief Finance Officer / Section 151 Officer  
Karen Curtin, Head of Finance  
Chris Dickens, Chief Internal Auditor  
Jeff Brawley, Benefits Investigation Manager  
Rosemary Watts, Risk Management & Insurance Officer  
Jessica Lacey, Technical Accountant  
Natasha Clark, Senior Democratic and Scrutiny Officer

#### 36 **Declarations of Interest**

There were no declarations of interest.

#### 37 **Petitions and Requests to Address the Meeting**

There were no petitions or requests to address the meeting.

#### 38 **Urgent Business**

There was no urgent business.

#### 39 **Minutes**

The Minutes of the meeting held on 22 September 2010 were agreed as a correct record and signed by the Chairman.

40 **Annual Audit Letter 2009/10**

The Committee considered a report of the Head of Finance which informed Members of the Annual Audit Letter as prepared by the Audit Commission and summarised the findings from the 2009/10 audit of the financial statements and an assessment of the arrangements to achieve value for money in the Council's use of resources.

The District Auditor explained that the opinion of the financial statements related to the Statement of Accounts, approved by the Committee in September, and the annual governance report issued. She reported that the Council received an unqualified opinion on the statements and value for money conclusion.

**Resolved**

- (1) That the contents of the Annual Audit Letter be noted.

41 **Fraud Update**

The Benefits Investigation Manager gave a presentation updating Members on the work of the Benefit's Investigation Team and provided an overview of legislative changes in the area in 2010 and Government proposals for the coming years.

The Committee was advised that the Internal Audit team had undertaken corporate fraud audit review and had given a medium level of assurance and identified no high risks. The Benefits Investigation Manager reported on the Benefits Investigation Teams performance to 30 November 2010 and explained that the Team worked closely with the Corporate Debt Recovery Team which sought to recover the debt that had been identified and recommended for recovery by the Benefits Investigation team.

The Committee commended the work of the Benefits Investigation and Corporate Debt Recovery Teams and commented that seeing such systems in place provided assurance to Members.

42 **Internal Audit Progress Report**

The Committee considered a report of the Chief Internal Auditor which summarised the progress made against the internal audit plan for 2010/11 for the period from September to December 2010. The Committee was advised that 53% of the plan had been completed and the remainder would be completed by the end of the financial year.

The Chief Internal Auditor reported that since the Committee's September meeting one final report had been issued and draft reports had been issued and/or fieldwork had commenced in eight areas.

The Committee was advised that preliminary discussions for the 2011/12 internal audit plan were underway and a draft plan would be submitted to the Committee in due course.

The Chief Internal Auditor reported on the amendments to the Internal Audit Charter which had been made to address the requirements of the Audit Commission Triennial Review.

In response to Members' questions regarding the shared senior management arrangements with South Northamptonshire Council, the Chief Internal Auditor explained that his team had worked with officers during the development of the business case and were satisfied with the final version. He advised the Committee that the 2011/12 internal audit plan would include areas relating to shared working.

**Resolved**

- (1) That the Internal Audit progress report be approved.

43 **Update on International Financial Reporting Standards (IFRS)**

The Committee considered a report of the Head of Finance which provided a brief update to Councillors on the Councils progress towards International Financial Reporting Standards (IFRS) and completing the 2010/11 Statement of Accounts under these new standards.

**Resolved**

- (1) That the contents of this report and the officers' proposed actions to deal with the implementation of IFRS be noted.

44 **Risk Management Principles and Core Risks**

The Committee considered a joint report of the Corporate Strategy and Performance Manager and the Risk Management & Insurance Officer which sought endorsement of the underlying principles of risk and opportunity management, updated the Committee on the management of Strategic, Corporate and Partnership Risks (Core Risks) and sought endorsement of the proposed reporting timetable for 2011/2012.

**Resolved**

- (1) That the underlying principles for risk management be endorsed.
- (2) That the Strategic, Corporate and Partnership (Core) Risk Register be endorsed.
- (3) That the proposed reporting timetable to the Executive and the Accounts Audit & Risk Committee for 2011/2012 be endorsed.

45 **Risk Management Strategy 2011/12**

The Committee considered a joint report of the Corporate Strategy and Performance Manager & the Risk Management and Insurance Officer which presented the Risk Management Strategy for 2011/12 for consideration and comment by the Accounts, Audit & Risk Committee in advance of its consideration by the Council's Executive in 2011.

Members commented that partnership risks were more significant in light of the decision to enter shared senior management arrangements with South Northamptonshire Council and that the Risk Management Strategy and Register should be amended to reflect this.

**Resolved**

- (1) That the Risk Management Strategy 2011/12 be endorsed.
- (2) That it be noted that the views of the Accounts, Audit & Risk Committee will be reported to the Executive when they consider this item.

46 **Work Programme Updates**

1. Chartered Institute of Public Finance and Accountancy (CIPFA) Training - Effective Audit Committee

The Chairman reported that he had attended the CIPFA Effective Audit Committee training course on 17 November 2010 which had been very interesting and useful. The focus of the days discussion had been budget cuts and how authorities were addressing these.

2. The Head of Finance updated Members on the Accounts, Audit and Risk Committee work programme and proposed that the January meeting focus on risk which was duly agreed by Members.

The meeting ended at 8.00 pm

Chairman:

Date:



## Accounts, Audit and Risk Committee

### Update on International Financial Reporting Standards (IFRS) and the 2010/11 Year-end Closedown

19 January 2011

#### Report of Head of Finance

##### PURPOSE OF REPORT

The purpose of this report is to provide a brief update to Councillors on the Councils progress towards IFRS and completing the 2010/11 Statement of Accounts under these new standards.

This report is public

##### Recommendations

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The Accounts, Audit and Risk Committee is recommended to:

- (1) Note the contents of this report and the officers' proposed actions to deal with the implementation of IFRS.

##### Executive Summary

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###### 1.1 Introduction

International Financial Reporting Standards (IFRS) represents a significant change in financial reporting across government and the public sector. Local authorities will have to move to accounting on an IFRS basis by 2010/11, a year after central government and the NHS.

At the last committee meeting in December, members were given a presentation from the Audit Commission on the issues surrounding IFRS and the implications for Cherwell. This reports aims to help show the progress being made against the changes required by both CIPFA and the Audit Commission, and how we plan to meet our longer-term target of a producing a draft set of accounts by 30<sup>th</sup> June 2011.

###### 1.2 Progress since AARC 13th December 2010

As it has only been a couple of weeks since the last meeting of this Committee there is only a small amount of progress to report on this time.

The progress which has been made though is as follows:

- ❖ We have received the long awaited guidance notes for the Code of Practice on Local Authority Accounting (The Code). This can now be used to confirm the detail of the accounting processes and transactions which need to be undertaken for the 2010/11 Statement of Accounts.
- ❖ This guidance has been used to produce a first draft of the closedown timetable for 2010/11 (appendix 1). This is only a first draft and there will be several amendments to dates and tasks before the final version is issued in last February / early March.
- ❖ A list of grants has been sent to the Service Accountants and by the end of January we will know which grants have conditions attached and which don't. This will affect how they are accounted for on the balance sheet.
- ❖ W/c 3<sup>rd</sup> January we have seen presentations from 3 prospective asset register suppliers. By the date of the committee meeting we will have appointed one to install and hold the Councils asset details for the 2010/11 accounts and they will be fully IFRS compliant.
- ❖ A first draft of the I&E under segmental reporting has been attempted by Joanne Kaye, Service Account and first indications are that this is not going to be an onerous task for the Council going forward.
- ❖ Sarah Robinson, Finance Assistant, has started setting up the templates in Excel for all of the new notes which will be needed in the IFRS compliant accounts. These templates will be used in April and May to enter the figures which are produced. These tables are then copied in to the Word document. This task is an example of where we are doing things now which will save us time when things are much more time pressured in the middle of the closedown process.
- ❖ The leases information originally collated in Winter 2009 has been sent back out to the Responsible Officers to ask them to update it for current year data. We can then look at the financial implications.
- ❖ The Technical Accountant has met with the Councils internal valuers on 6<sup>th</sup> January and the test property assets have been agreed on which will be used to do trial valuations on under componentisation.

Before the next meeting on 14<sup>th</sup> March we also aim to have:

- ❖ Installed and tested the new asset register.
- ❖ Processed all necessary fixed asset transaction to take account of IFRS changes.
- ❖ Finished our restated 2009/10 balance sheet under IFRS and have it reviewed by the Audit Commission.
- ❖ Worked with Louise O'Neill, Business Relationship Analyst - Customer Services & Information Systems to set up on Agresso the new Balance Sheet structure to aid the automatic reporting.
- ❖ Attended the Audit Commission Chief Accountants workshop to gain a better understanding of what they require from us for the accounts audit.
- ❖ Attended the next CIPFA Finance Advisory Network meeting which will focus on the additional notes which we will need to produce for IFRS accounts.
- ❖ Other tasks due as detailed in the attached timetable.

It is also planned that PWC will conduct an internal audit review on our progress on IFRS before the next committee in March 2011.

## Implications

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- Financial:** There are no financial issues arising from this report. Its publication is funded from within existing resources.  
Comments checked by Eric Meadows, Service Accountant 01295 221552.
- Legal:** The Council must ensure its 2010/11 financial statements are prepared in accordance with International Financial Reporting Standards and the Code of Practice on Local Authority Accounting (the Code).  
Comments checked by Eric Meadows, Service Accountant 01295 221552.
- Risk Management:** If we fail to comply with the new standards and the Code, we may get a qualified opinion issued on our accounts.  
Comments checked by Eric Meadows, Service Accountant 01295 221552.

## Wards Affected

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All

## Document Information

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Appendix No	Title
Appendix 1	First draft of the Closedown Timetable 2010/11
<b>Background Papers</b>	
There are no applicable background papers.	
<b>Report Author</b>	Jessica Lacey, Technical Accountant Karen Curtin, Head of Finance
<b>Contact Information</b>	Jessica Lacey, 01295 221564 jessica.lacey@cherwell-dc.gov.uk

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**DRAFT YEAR-END CLOSEDOWN 2010/11 TIMETABLE**

No.	Target Date	Area	Topic	Task	Responsible Officer	Completed
1	Fri 17th Dec 2010	Code of Practice	Code of Practice	Order the new guidance notes	Jessica Lacey	Done, received 30th Dec
2	Fri 31st Dec 2010	Admin	Forms	Set-up accruals forms for 2010/11 distribution	Leanne Lock	Done 20th Dec 2010
3	Fri 31st Dec 2010	IFRS Transition	Fixed Assets	Agree with Estates all Investment Properties needing	Jessica Lacey	Done 30th Dec 2010
4	Fri 31st Dec 2010	IFRS Transition	Fixed Assets	Agree with Estates all Assets Held for Sale needing	Jessica Lacey	Done 30th Dec 2010
5	Fri 14th Jan 2011	IFRS Transition	Leases	Re-issue all lease information originally gathered in Winter 09/10 and ask for updates	Leanne Lock	
6	Wed 19th Jan 2011	Meetings	Accounts, Audit & Risk Committee	Present year-end update to committee	Karen Curtin	
7	Fri 21st Jan 2011	IFRS Transition	Balance Sheet	Complete set-up of new tree and test it on Excellerator report	Leanne Lock / Louise O'Neill	
8	Tue 25th Jan 2011	IFRS Transition	Balance Sheet	All grants information to be returned to Technical Accountant	Service Accountants	
9	Fri 28th Jan 2011	IFRS Transition	Comprehensive I&E	Complete 2009/10 I&E by segments under IFRS for Audit Commission review.	Joanne Kaye / Jessica Lacey	
10	Fri 28th Jan 2011	IFRS Transition	Fixed Assets	Prepare journal for recategorisation of investment fixed assets	Jessica Lacey	
11	Fri 28th Jan 2011	IFRS Transition	Fixed Assets	Prepare journal for recategorisation of Held for Sale fixed assets	Jessica Lacey	
12	Fri 28th Jan 2011	IFRS Transition	Fixed Assets	Prepare journal to write-off Revaluation Reserve balances held for investment properties	Jessica Lacey	
13	Fri 28th Jan 2011	IFRS Transition	Investments	Ensure all 2009/10 investments are recategorised on the balance sheet under the new Cash & Cash Equivalents policy	Linda Burgess / Jessica Lacey	
14	Fri 28th Jan 2011	Notes to the Accounts	Skeleton Statements	Prepare Excel spreadsheets ready for 2010/11 figures	Leanne Lock / Sarah Robinson	
15	Fri 28th Jan 2011	Statement of Accounts	Skeleton Statements	Prepare Word document ready for 2010/11	Leanne Lock	
16	Fri 28th Jan 2011	IFRS Transition	Fixed Assets	Consider previous years impairments and prepare any journals necessary to reverse transactions	Jessica Lacey	
17	Fri 28th Jan 2011	IFRS Transition	Inventory	Read and understand the changes in the Code for inventory valuation basis and consider material impact on 2009/10	Sarah Robinson / Jessica Lacey	
18	Fri 28th Jan 2011	Key Tasks	Charter Housing	Information request - VAT sharing & environmental warranties	Joanne Kaye	
19	Wed 2nd Feb 2011	IFRS Transition	Balance Sheet	Complete analysis of all grants and journal accordingly if they have conditions attached or not	Service Accountants / Jessica Lacey	
20	Wed 2nd Feb 2011	IFRS Transition	Balance Sheet	Complete analysis of all provisions to categorise between < / > 1	Karen Curtin / Jessica Lacey	
21	Fri 4th Feb 2011	IFRS Transition	Compensated Absences	Prepare journal for 2009/10 flex / annual leave accrual	Joanne Kaye	
22	Fri 4th Feb 2011	IFRS Transition	Fixed Assets	Complete the revaluation of the 3 test property assets under componentisation	David Marriott	
23	Fri 4th Feb 2011	IFRS Transition	Leases	Prepare journal entries for material changes to 2009/10 leases data on the balance sheet	Leanne Lock / Jessica Lacey	
24	Fri 11th Feb 2011	IFRS Transition	Balance Sheet	Complete restatement of 2009/10 balance sheet under IFRS for Audit Commission review.	Jessica Lacey	
25	Wed 16th Feb 2011	Statement of Accounts	Statement of Accounting Policies	Review new Statement of Accounting Policies with HoF prior to AARC approval	Jessica Lacey	
26	Fri 18th Feb 2011	Notes to the Accounts	Group Accounts	Read and understand the changes in the Code for Group Account eligibility and requirements	Jessica Lacey	
27	Fri 25th Feb 2011	Statement of Accounts	Balance Sheet	Circulate updated balance sheet code list to Responsible Officers	Leanne Lock	
28	Fri 25th Feb 2011	Statement of Accounts	Audit	Review Annual Audit Letter 2009/10 and action issues raised	Jessica Lacey	
29	Fri 25th Feb 2011	Notes to the Accounts	FRS 8 - Related Party Transactions	Read and understand the changes in the Code for related party transactions	Sarah Robinson	
30	Fri 25th Feb 2011	IFRS Transition	Comprehensive I&E	Complete set-up of new tree and test it	Leanne Lock / Louise O'Neill	
31	Fri 25th Feb 2011	IFRS Transition	Movement on Reserves Statement	Set-up new Agresso Excellerator report	Leanne Lock / Jessica Lacey	
32	Tue 1st Mar 2011	Systems	Asset Register	Begin testing on new asset register system	Jessica Lacey	
33	Thurs 3rd Mar 2011	General	Collection Fund	Last BoE base rate announcement for 2010/11	Jessica Lacey	
34	Fri 4th Mar 2011	Collection Fund	Collection Fund	Provide County Council with the figures for their share of outturn surplus/deficit on Collection Fund for 2009/10	Leanne Lock	
35	Fri 4th Mar 2011	Key Tasks	RSR and NNDR Redistribution	NNDR 1 Return 2010/11 - copy of return for audit evidence	Leanne Lock	
36	Fri 4th Mar 2011	Key Tasks	Accruals	Send accrual forms and guidance notes to Service Accountants and Service Managers	Jessica Lacey	
37	Fri 11th Mar 2011	Key Tasks	Fixed Assets	Capital programme as at 28th Feb 2011 to be reviewed for potential capital spend on assets and financing implications	Jessica Lacey	
38	Fri 11th Mar 2011	Key Tasks	Petty Cash	Send out a list of petty cash and imprest floats and certificates to holders	Sarah Best	
39	Fri 11th Mar 2011	Notes to the Accounts	FRS 8 - Related Party Transactions	Agree distribution list, prepare and issue letters	Sarah Robinson	

40	Fri 11th Mar 2011	Treasury	Treasury	Chase LAAP Bulletin on capitalisation accounting entries for Glitnir, Iceland bank £6.5m investment if not already received and consider implications	Jessica Lacey
41	Fri 11th Mar 2011	Balance Sheet	S106	Apply 2010/11 interest to all S106 accounts	Sarah Robinson
42	Fri 11th Mar 2011	Notes to the Accounts	Fixed Assets	Obtain draft property asset revaluations from Estates and consider against componentisation policy	Jessica Lacey
43	Fri 18th Mar 2011	Key Tasks	Inventory	Issue inventory certificates and guidance notes (with IFRS valuation method changes)	Sarah Robinson
44	Fri 18th Mar 2011	Notes to the Accounts	Group Accounts	Contact CMT to satisfy requirement for Group Accounts	Jessica Lacey
45	Fri 18th Mar 2011	BVACOP	BVACOP	Review BVACOP Service Analysis and ensure compliance	Karen Muir
46	Fri 18th Mar 2011	IFRS Transition	Fixed Assets	Ensure all leased property assets have been considered for land / buildings split	David Marriott
47	Mon 14th Mar 2011	Meetings	Accounts, Audit & Risk Committee	Present year-end update to committee	Jessica Lacey
48	Thurs 17th Mar 2011	Balance Sheet	S106	Complete all working paper forms for S106 monies	Sarah Robinson
49	Tue 22nd Mar 2011	Notes to the Accounts	Fixed Assets	Send email to Responsible Officers to begin non-property asset impairment review	Jessica Lacey
50	Wed 23rd Mar 2011	Notes to the Accounts	FRS 17 - Pensions	FRS 17 data request to Payroll	Denise Taylor
51	Wed 23rd Mar 2011	Notes to the Accounts	Officers Emoluments	Issue information request to Payroll Department	Sarah Robinson
52	Wed 23rd Mar 2011	Notes to the Accounts	Members Allowances	Issue information request to Payroll Department	Sarah Robinson
53	Mon 28th Mar 2011	Systems	Asset Register	Ensure system is ready to receive 2010/11 entries	Jessica Lacey
54	Tue 29th Mar 2011 @ 12pm	Key Tasks	Creditors	Deadline for receiving invoices into Creditors team	All Departments
55	Wed 30th Mar 2011 @5pm	Key Tasks	Creditors	Deadline for authorising creditor invoices for payment in 2010/11 on Agresso	All Departments
56	Thurs 31st Mar 2011	Key Tasks	Investments	Produce daily investment summary	Linda Burgess
57	Thurs 31st Mar 2011	Notes to the Accounts	Debtors Control Account	Produce list of debtors balances & reconcile debtors control account 31st March	Sandra Madeley / Leanne Lock
58	Thurs 31st Mar 2011	Key Tasks	Investments	Send (DA) letters to Banks/Building Societies for investments at 31st March	Linda Burgess
59	Thurs 31st Mar 2011	Notes to the Accounts	Creditors Control Account	Out of date cheques to 31st March to be written off	Ruth Hopkins
60	Thurs 31st Mar 2011	Notes to the Accounts	Creditors Control Account	Produce list of outstanding creditors & reconcile control account including CIS	Linda Burgess / Leanne Lock
61	Thurs 31st Mar 2011	Notes to the Accounts	Collection Fund	NNDR rateable value at 1st April and 31st March	Leanne Lock
62	Thurs 31st Mar 2011	Notes to the Accounts	Collection Fund	Process NNDR accounts for council properties	Sarah Robinson
63	Thurs 31st Mar 2011	Notes to the Accounts	Notes to the Collection Fund	CTB 1 2009/2010	Leanne Lock
64	Thurs 31st Mar 2011	Notes to the Accounts	Notes to the Collection Fund	NNDR multipliers for year	Leanne Lock
65	Thurs 31st Mar 2011 @ 12pm	Key Tasks	Debtors	<b>Last date for raising debtor invoices. After this they must be accrued.</b>	<b>All Departments</b>
66	Thurs 31st Mar 2011	Key Tasks	Creditors	<b>Last date for creditor invoices to be input into Agresso period 12. After this they must be accrued.</b>	<b>All Departments</b>
67	Fri 1st Apr 2011	Systems	Agresso	Close accounting period 12	Louise O'Neill
68	Fri 1st Apr 2011	District Audit	Audit	Agree start date of audit with the Audit Commission	Jessica Lacey
69	Fri 1st Apr 2011	Key Tasks	Bank Reconciliation	All bank accounts reconciled and agreed to necessary systems and signed-off by Technical Accountant	Jo Harwood / Julie Richards
70	Fri 1st Apr 2011	Key Tasks	Agresso	List of commitments from Purchase Ordering System	Ruth Hopkins
71	Fri 1st Apr 2011	Key Tasks	Agresso	Purchase Orders for goods not received by 31st March rolled forward	Linda Burgess / Louise O'Neill
72	Fri 1st Apr 2011	Notes to the Accounts	Creditors Control Account	Unpresented cheques list at 31st March: Agresso Creditors	Ruth Hopkins
73	Thu 7th Apr 2011	Key Tasks	Investments	Reconcile 2010/11 investments to Agresso & classify between long/short term and compliance to Cash & Cash Equivalents	Linda Burgess
74	Thu 7th Apr 2011	Key Tasks	Investments	Accrued interest receivable as at 31st March to be calculated	Linda Burgess
75	Thu 7th Apr 2011	Key Tasks	Investments	Average 7 day interest rate actual calculation to Accountancy	Linda Burgess
76	Thu 7th Apr 2011	Notes to the Accounts	Mortgages to Owner Occupiers	Compile mortgage reconciliation from Gemini year-end mortgage report	Ruth Hopkins
77	Fri 8th Apr 2011	Key Tasks	Petty Cash	Send reminders	Sarah Best
78	Fri 8th Apr 2011	Key Tasks	Statutory Returns	Capital Estimate Return 10/11	Jessica Lacey
79	Fri 8th Apr 2011	Notes to the Accounts	Contingent Assets & Liabilities	Send email to EXT requesting details of any new disclosures	Jessica Lacey
80	Fri 8th Apr 2011	Notes to the Accounts	Fixed Assets	Complete all non-property impairment review	Jessica Lacey
81	Fri 8th Apr 2011	Notes to the Accounts	Fixed Assets	Complete property impairment review	David Marriott
82	Fri 8th Apr 2011	Notes to the Accounts	Fixed Assets	Obtain final property asset revaluations from Estates	Jessica Lacey
83	Fri 8th Apr 2011	Notes to the Accounts	Bad Debt Provisions	Calculate Bad Debt Provision from aged debt analysis	Sandra Madeley

84	Fri 8th Apr 2011	Key Tasks	Compensated Absences	Obtain flex / annual leave data from HR as at 31st March 2011 and prepare journal	Joanne Kaye
85	Mon 11th Apr 2011	Key Tasks	Internal Invoices	Final deadline for receipt of internal invoices	All Departments
86	Mon 11th Apr 2011	Key Tasks	Investments	Obtain valuation from Investec as at 31st March 2011	Linda Burgess
87	Mon 11th Apr 2011	Key Tasks	Petty Cash	Deadline for petty cash imprest certificates to be received	Sarah Best
88	Mon 11th Apr 2011 - 9am	Key Tasks	Accruals agreed by Service Accountants	Last date for accruals to be sent to Service Accountants for processing	Service Managers
89	Tue 12th Apr 2011	Key Tasks	Investments	Check accrued interest receivable, provided by Linda Burgess	Sarah Best
90	Tue 12th Apr 2011	Key Tasks	Petty Cash	Reconciliation of balances to Agresso	Sarah Best
91	Tue 12th Apr 2011 - 5pm	Key Tasks	Accruals agreed by Service Accountants	All accruals to be processed	Service Accountants
92	Fri 15th Apr 2011	Statement of Accounts	Section 15 & 16 Statutory Date	Agree draft advertisement with DA and HoF	Jessica Lacey
93	Fri 15th Apr 2011	Notes to the Accounts	FRS 8 - Related Party Transactions	Deadline for return of completed declaration forms	Sarah Robinson
94	Mon 18th Apr 2011	Notes to the Accounts	FRS 8 - Related Party Transactions	Issue 1st reminders letters	Sarah Robinson
95	Mon 18th Apr 2011	Notes to the Accounts	FRS 17 - Pensions	Prepare FRS17 working papers and reconciliation statements in advance of receipt of data	Jessica Lacey
96	Tue 19th Apr 2011	Notes to the Accounts	Analysis of Capital Expenditure	Analyse all expenditure for additions on Fixed Asset Register or write-off to revenue (REFCUS)	Jessica Lacey
97	Tue 19th Apr 2011	Key Tasks	Suspense	Ensure all suspense accounts cleared	Leanne Lock
98	Tue 19th Apr 2011	Notes to the Accounts	Asset Register	Update Asset Register system for acquisitions, disposals and revaluations	Jessica Lacey
	Fri 22nd Apr 2011	Good Friday	Office Closed		
	Mon 25th Apr 2011	Easter Monday	Office Closed		
99	Thu 21st Apr 2011	Notes to the Accounts	Asset Register	Run Asset Register depreciation calculation and enter journal	Jessica Lacey
100	Thu 21st Apr 2011	Key Tasks	RSG and NNDR Redistribution	Agree to DCLG grant notification and post to I&E Account	Karen Muir
101	Thu 21st Apr 2011	Key Tasks	Housing Benefits	Reconciliation of Rent Allowances	Denise Taylor / Julie Richards
102	Thu 21st Apr 2011	Key Tasks	Insurances	Insurances recharges balanced and journalled	Sarah Best
103	Thu 21st Apr 2011	Key Tasks	Insurances	Leased Cars: actual costs calculated and journalled to cost	Sarah Best
104	Thu 21st Apr 2011	Key Tasks	Insurances	Check depot charges have been posted	Sarah Best
105	Thu 21st Apr 2011	Key Tasks	Insurances	Check that employee related insurances are allocated to cost	Sarah Best
106	Thu 21st Apr 2011	Key Tasks	Miscellaneous	Adjust car parking income to correct year	Denise Taylor
107	Thu 21st Apr 2011	Key Tasks	Miscellaneous	Excess parking charges balanced and summarised	Denise Taylor
108	Thu 21st Apr 2011	Notes to the Accounts	Loans to Parish Councils	Loans to parish councils reconciled	Sarah Best
109	Thu 21st Apr 2011	Key Tasks	Homelessness	DCLG Homelessness Grant Notification - reconcile to Agresso	Joanne Kaye
110	Thu 21st Apr 2011	Key Tasks	Planning Delivery Grant	Identify exp to be matched from PDG, transfer to service revenue account and complete DCLG notification reconciliation	Joanne Kaye
111	Thu 21st Apr 2011	Notes to the Accounts	Loans to Parish Councils	Letter to parish councils confirming year-end balance	Sarah Best
112	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	Reconcile parish precepts	Leanne Lock
113	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	Council tax bad debts provision journal	Leanne Lock
114	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	NNDR bad debts provision - calculate, agree with RSM & journal	Leanne Lock
115	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	Council Tax - calculate	Leanne Lock
116	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	Council tax payers account - complete journals	Leanne Lock
117	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	Clear housing landlords Council Tax liabilities	Leanne Lock
118	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	NNDR grant entitlement agreed and journalled	Leanne Lock
119	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	NNDR cost of collection grant and discretionary relief journal	Leanne Lock
120	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	Complete all Council Tax journals	Leanne Lock
121	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	Complete all NNDR journals	Leanne Lock
122	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	Agree cash receipts, refunds and suspense for NNDR payers and costs	Leanne Lock
123	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	NNDR payers analysis of write-offs	Leanne Lock
124	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	Provide aged debt analysis of Council Tax & NNDR gross arrears as at 31st March	Leanne Lock
125	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	Split of NNDR payers charitable relief between discretionary and mandatory elements	Leanne Lock
126	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	Agree council tax suspense account balance to c/fwd	Leanne Lock
127	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	War Widow disregards	Leanne Lock
128	Thu 21st Apr 2011	Key Tasks	Budget/Outturn Reporting	Instruct HoS to carry out Pre-Provisional Outturn Review	Karen Muir
129	Thu 21st Apr 2011	Key Tasks	Housing	Balance Sheet - Ferriston Flats	Joanne Kaye
130	Thu 21st Apr 2011	Key Tasks	Housing	Balance Sheet - Orchard/Fairway Flats	Joanne Kaye
131	Thu 21st Apr 2011	Key Tasks	Housing	Balance Sheet - 68 Springfield Avenue	Joanne Kaye

132	Thu 21st Apr 2011	Notes to the Accounts	Collection Fund	Collection Fund - transfers to General Fund.	Leanne Lock
133	Thu 21st Apr 2011	Notes to the Accounts	Notes to the Collection Fund	NDR rateable value at 1st April 2010 & 31st March 2011	Leanne Lock
<b>134</b>	<b>Thu 21st Apr 2011 - 1pm</b>	<b>Systems</b>	<b>Agresso</b>	<b>All Agresso entries to be completed. Entries after this date must be authorised by Jessica Lacey.</b>	<b>All of Finance</b>
<b>135</b>	<b>Thu 21st Apr 2011 - 1pm</b>	<b>Systems</b>	<b>Agresso</b>	<b>Password protect accounting period 13</b>	<b>Louise O'Neill</b>
136	Thu 21st Apr 2011	Key Tasks	Budget/Outturn Reporting	Period 13 budget monitoring reports produced	Service Accountants
137	Thu 21st Apr 2011	District Audit	Checklists	Obtain Code, Capital, and Working Paper Requirements	Jessica Lacey
138	Thu 28th Apr 2011	Notes to the Accounts	FRS 17 - Pensions	Check FRS 17 data received from Actuary	Jessica Lacey
139	Thu 28th Apr 2011	Collection Fund	Collection Fund	Provide County Council with 2010/11 figures for Council Tax Arrears, impairment of doubtful debts, Council Tax Overpayments and Prepayments	Leanne Lock
140	Thu 28th Apr 2011	Key Tasks	Statutory Returns	Capital Programme Return Q4 2010/11	Sarah Robinson / Jessica Lacey
141	Thu 28th Apr 2011	Key Tasks	Inventory	Completed inventory certificates and supporting documentation received	Sarah Robinson
142	Thu 28th Apr 2011	Key Tasks	VAT	VAT share	Joanne Kaye
143	Thu 28th Apr 2011	Key Tasks	Revenue	Clear-down internal recharges	Sarah Best
144	Thu 28th Apr 2011	Statutory Returns	Statutory Returns	VAT Accounts & March return completed & journals input	Sarah Robinson
145	Thu 28th Apr 2011	Key Tasks	Capital	All capital transactions finalised	Jessica Lacey
	<b>Fri 29th April 2011</b>	<b>Bank Holiday</b>	<b>Office Closed</b>		
	<b>Mon 2nd May 2011</b>	<b>Bank Holiday</b>	<b>Office Closed</b>		
146	Tue 3rd May 2011	Notes to the Accounts	FRS 17 - Pensions	Prepare and enter all FRS17 entries using information provided by Barnett Waddingham	Jessica Lacey
147	Tue 3rd May 2011	Notes to the Accounts	Collection Fund	Reconcile OCC & TVPA Precept account in Agresso to payments schedule	Leanne Lock
148	Tue 3rd May 2011	Statement of Accounts	Statement of Responsibilities	Review Statement of Responsibilities	Head of Finance
149	Tue 3rd May 2011	Notes to the Accounts	Disabled Facilities Grants	DCLG DFG grant notification reconciliation	Joanne Kaye
150	Tue 3rd May 2011	Key Tasks	LABGI Grant	DCLG LABGI grant notification reconciliation	Joanne Kaye
151	Tue 3rd May 2011	Key Tasks	Regional Housing Capital Pot	DCLG RHCP grant notification reconciliation	Joanne Kaye
152	Tue 3rd May 2011	Notes to the Accounts	Audit Fees	Undertake analysis of Audit Fees	Leanne Lock
153	Tue 3rd May 2011	Key Tasks	Housing	Disabled Facilities Grants - reconcile to housing spreadsheet	Joanne Kaye
154	Tue 3rd May 2011	Key Tasks	Miscellaneous	Analysis of Burial Effects (with Environment Dept).	Denise Taylor
155	Tue 3rd May 2011	Key Tasks	Miscellaneous	Lease car contributions reconciled to Agresso and details provided to Accountancy	Sarah Best
156	Tue 3rd May 2011	Notes to the Accounts	Members Allowances	Collate payroll info	Sarah Robinson
157	Tue 3rd May 2011	Notes to the Accounts	Car Loans	Car loans balanced and summarised	Denise Taylor
158	Tue 3rd May 2011	Notes to the Accounts	FRS 8 - Related Party Transactions	Issue 2nd Reminder Letters	Sarah Robinson
159	Fri 6th May 2011	Key Tasks	Miscellaneous	Concessionary fares accounts	Karen Muir
160	Fri 6th May 2011	Key Tasks	Miscellaneous	Check balance on "Deposits in Lieu of Bonds" CC50293 &	Joanne Kaye
161	Fri 6th May 2011	Notes to the Accounts	Financial Instruments	Prepare all financial instruments information for notes to the accounts	Jessica Lacey
162	Fri 6th May 2011	Key Tasks	Budget/Outturn Reporting	Allocation of budget from 10004 relocation expenses to revenue accounts	Karen Muir
163	Fri 6th May 2011	Key Tasks	Housing/Planning Related Grants	Finalise reconciliation's	Joanne Kaye
164	Fri 6th May 2011	Key Tasks	Inventory	Reconcile inventory certificates to Agresso	Sarah Robinson
165	Fri 6th May 2011	Notes to the Accounts	Payments in Advance	Identify leasing prepayments and prepare journals	Leanne Lock
166	Fri 6th May 2011	Statement of Accounts	Fixed Assets	All Asset Register transactions to be finalised and notes drafted	Jessica Lacey
<b>167</b>	<b>Fri 6th May 2011</b>	<b>Notes to the Accounts</b>	<b>Notes for the Statement of Accounts</b>	<b>All notes (as per Appendix 1) to be complete with relevant working paper header sheet and supporting documents</b>	<b>All of Finance</b>
168	Wed 13th May 2011	Notes to the Accounts	Collection Fund	Agree final, or estimated, NDR3	Leanne Lock
169	Wed 13th May 2011	Notes to the Accounts	Collection Fund	Net down year end collection fund journal for Sect 44a	Leanne Lock
170	Wed 13th May 2011	Notes to the Accounts	Collection Fund	Discretionary Charitable Relief already journalled for budget	Leanne Lock
171	Wed 13th May 2011	Notes to the Accounts	Collection Fund	Check that journal has not been raised for balance of contribution to NDR Pool for previous year	Leanne Lock
172	Wed 13th May 2011	Notes to the Accounts	Collection Fund	Final subsidy claim estimate	Leanne Lock
173	Wed 13th May 2011	Key Tasks	Collection Fund	Finalise HB Debtors	Leanne Lock
174	Wed 13th May 2011	Key Tasks	Payroll	Payroll feeder account reconciliation	Sarah Robinson
175	Wed 13th May 2011	Notes to the Accounts	Pension	Compensatory pensions costs reconciled and allocated	Denise Taylor
176	Wed 13th May 2011	Notes to the Accounts	Creditors	Prepare creditors schedule / working papers	Leanne Lock
176	Wed 13th May 2011	Notes to the Accounts	Debtors	Prepare debtors schedule / working papers	Leanne Lock



177	Wed 13th May 2011	Notes to the Accounts	Receipts in Advance	Prepare receipts in advance schedule / working papers	Leanne Lock
178	Wed 13th May 2011	Notes to the Accounts	Statement of Internal Control / Annual Governance Statement	Completion of the Statement of Internal Control / Annual Governance Statement	Chief Finance Officer
179	Wed 13th May 2011	Key Tasks	Budget/Outturn Reporting	Issue Month 13 Budget Monitoring Reports for sign off	Karen Muir
180	Wed 13th May 2011	Notes to the Accounts	Audit Fees	Confirm note with Audit Commission - before final publication of the Accounts	Leanne Lock
181	Wed 13th May 2011	Key Tasks	Inland Revenue	Inland Revenue Tax (not PAYE) balanced and summarised.	Sarah Best / Denise Westlake
182	Wed 13th May 2011	Key Tasks	Miscellaneous	Factory and shop rents deposits summarised	Joanne Kaye
183	Wed 13th May 2011	Key Tasks	Capital Expenditure	Financing of capital expenditure in 2010/11	Jessica Lacey
184	Fri 15th May 2011	Key Tasks	Recharges	Support service and internal recharges allocated to services	Sarah Best
185	Fri 15th May 2011	Key Tasks	Budget/Outturn Reporting	Prepare report on variances between budget and actual: summary copy to Head of Finance.	Karen Muir
186	Fri 15th May 2011	Key Tasks	Budget/Outturn Reporting	Variance analysis by Directorate - budget/actual, actual to previous year's outturn for Chief Accountant	Service Accountants
187	Fri 15th May 2011	Key Tasks	Budget/Outturn Reporting	Issue final month 13 Budget Monitoring Report for sign-off	Karen Muir
188	Fri 15th May 2011	<b>Statement of Accounts</b>	<b>Balance Sheet</b>	<b>Reconcile all Balance Sheet Accounts</b>	<b>All Officers</b>
189	Mon 16th May 2011	Notes to the Accounts	FRS 8 - Related Party Transactions	Refer to Legal / Chief Executive all FRS8 declaration forms not received	Sarah Robinson
190	Thu 19th May 2011	Notes to the Accounts	Earmarked Reserves	Final Review of Reserves	Head of Finance
191	Thu 19th May 2011	Statement of Accounts	Balance Sheet	Compile statement for 2010/11 SoFA	Jessica Lacey
192	Thu 19th May 2011	Statement of Accounts	Income and Expenditure Account	Compile statement for 2010/11 SoFA	Jessica Lacey
193	Thu 19th May 2011	Statement of Accounts	STRGL	Compile statement for 2010/11 SoFA	Jessica Lacey
194	Thu 19th May 2011	Statement of Accounts	Cash Flow Statement	Finalise Cashflow Statement & Working Papers	Leanne Lock
195	Thu 19th May 2011	Statement of Accounts	Collection Fund	Finalise Statement & Working Papers	Leanne Lock
196	Thu 19th May 2011	Statement of Accounts	Explanatory Foreword	Update the Explanatory Forward bringing in new areas to be	Head of Finance
197	Thu 19th May 2011	Notes to the Accounts	SMGFB	Compile note for 2010/11 SoFA	Jessica Lacey
198	Thu 19th May 2011	Notes to the Accounts	Glossary of Terms	Review glossary and compare with other authorities	Leanne Lock
199	Thu 19th May 2011	Key Tasks	Budget/Outturn Reporting	Revenue / Capital Outturn to CMT	Karen Muir
200	Thu 19th May 2011	Key Tasks	Payroll	Reconciliation of payroll control accounts	Denise Taylor
201	Thu 19th May 2011	Key Tasks	Recharges	Produce definitive list of all internal recharges	Sarah Best
202	Thu 19th May 2011	Key Tasks	Analytical Review	Deadline for analytical review to be complete - based on £100,000 or 10%	Karen Curtin
203	Fri 20th May 2011	<b>Statement of Accounts</b>		<b>First draft of Statement of Accounts finished</b>	<b>Jessica Lacey</b>
204	Fri 20th May 2011	<b>Key Tasks</b>		<b>Accounting Period 13 closed on Agresso</b>	<b>Louise O'Neill</b>
205	Mon 23rd May 2011	Internal Audit	Draft Statement of Accounts	Give a copy of the draft statement to PWC for review	Jessica Lacey
	<b>Mon 30th May 2011</b>	<b>Bank Holiday</b>	<b>Office Closed</b>		
206	Mon 6th Jun 2011	Key Tasks	Budget/Outturn Reporting	Revenue / Capital Outturn to Executive	Karen Muir
207	Tue 7th June 2011	Statement of Accounts	Draft Statement of Accounts	High level review of draft SoFA to be complete	Karen Curtin
208	Tue 7th June 2011	Statement of Accounts	Draft Statement of Accounts	Send draft statement & covering report to AARC for 15th June meeting	Karen Curtin
209	Tue 7th June 2011	Annual Report	Annual Report	Annual Report to be finished	Communications / Karen Muir
210	Wed 15th Jun 2011	<b>Meetings</b>	<b>Accounts, Audit &amp; Risk Committee</b>	<b>Informal review of Statement of Accounts</b>	
211	Fri 17th Jun 2011	Statement of Accounts	Draft Statement of Accounts	Send final statements and covering report to AARC for 22nd June meeting	Karen Curtin
212	Wed 22nd Jun 2011	<b>Meetings</b>	<b>Accounts, Audit &amp; Risk Committee</b>	<b>Sign off of 2010/11 Accounts (Subject to Audit)</b>	
213	Thu 23rd Jun 2011	Statutory Returns	Whole Government Accounts	Start Whole of Government Accounts (WGA)	Leanne Lock / Jessica Lacey
214	Tue 28th Jun 2011	Statement of Accounts	Section 15 & 16 Statutory Date	Send advertisement to Banbury Guardian	Jessica Lacey
215	Thu 30th Jun 2011	<b>Statement of Accounts</b>		<b>Statutory deadline for completion of the 2010/11 Statement of Accounts</b>	
216	Thu 30th June 2011	Statement of Accounts	Section 15 & 16 Statutory Date	Obtain copy of advert in today's Banbury Guardian	Jessica Lacey
217	Mon 4th July 2011 (TBC)	District Audit	Audit	All working papers and spreadsheets to be completed ready for audit inspection to start	All Staff
218	Thu 14th July 2011 (TBC)	Statement of Accounts	Section 15 & 16 Statutory Date	Accounts on Deposit	Jessica Lacey
219	Fri 15th Jul 2011 (TBC)	Statutory Returns	Statutory Returns	Revenue Outturn Forms 10/11	Leanne Lock / Jessica Lacey
220	Fri 15th Jul 2011 (TBC)	Statutory Returns	Statutory Returns	Capital Outturn Forms 10/11	Leanne Lock / Jessica Lacey
221	Fri 29th Jul 2011	Statutory Returns	Whole Government Accounts	Deadline for WGA unaudited to CLG	Leanne Lock / Jessica Lacey
222	Wed 10th Aug 2011 (TBC)	Statement of Accounts	Section 15 & 16 Statutory Date	Accounts off Deposit	Jessica Lacey
223	Thur 11th Aug 2011 (TBC)	Statement of Accounts	Section 15 & 16 Statutory Date	Public Inspection	Jessica Lacey
224	Fri 9th Sep 2011	Statement of Accounts	Statement of Accounts	Sent audited accounts and covering report to AARC for 21st Sep meeting	Karen Curtin
225	Wed 21st Sep 2011	<b>Meetings</b>	<b>Accounts, Audit &amp; Risk Committee</b>	<b>Sign off of audited 2010/11 Statement of Accounts</b>	

226	Thu 22nd Sep 2011	Statement of Accounts	Communication	Advertise completion of audit of accounts in Local Press and Internet	Jessica Lacey
227	Mon 31st Oct 2011	Statutory Returns	Whole Government Accounts	Audited Whole of Government Accounts to CLG	Jessica Lacey
228	TBA	District Audit	Checklists	Completion of SoRP Checklist	Leanne Lock / Jessica Lacey
229	TBA	District Audit	Checklists	Completion of Capital Checklists	Leanne Lock / Jessica Lacey

## Accounts Audit and Risk Committee

### Internal Audit Progress Report

19 January 2011

### Report of Chief Internal Auditor

#### PURPOSE OF REPORT

This report provides the Committee with an update of the work of Internal Audit since the last meeting.

This report is public
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#### Recommendations

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The Accounts, Audit and Risk Committee is recommended to:

- (1) Consider and approve this report.

#### Executive Summary

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##### 1.1 Introduction

This report provides the Committee with an update of the work of Internal Audit since the last meeting. It includes a high level overview of final reports issued and issues raised.

##### 1.2 Proposals

No specific proposals included

##### 1.3 Conclusion

The Accounts, Audit and Risk Committee is recommended to consider and approve this report and the amendments made to the audit plan

## Background Information

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Internal Audit has undertaken work in accordance with the 2010/11 Internal Audit Plan which was approved by the Accounts, Audit and Risk Committee. Progress reports are taken to this committee to outline the work performed and conclusions forged to date.

## Implications

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**Financial:** n/a

**Legal:** n/a

**Risk Management:** The progress of the Audit Plan approved by this Committee is monitored as part of the Council's Performance Monitoring Framework. Failure to achieve the audit plan could result in a risk that independent assurance will not be provided on the internal control environment as required, and could be seen to undermine the effectiveness of the Internal Audit team. Failure to achieve the audit plan could lead to adverse comment from the external auditors. This risk has been assessed on the Council's risk register, entry number 0264.  
Comments checked by Chris Dickens, Chief Internal Auditor, 07720 427215

## Wards Affected

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All

## Document Information

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Appendix No	Title
Appendix 1	Internal Audit Progress Report
<b>Background Papers</b>	
n/a	
<b>Report Author</b>	Chris Dickens, Chief Internal Auditor
<b>Contact Information</b>	07720 427215 Chris.Dickens@cherwell-dc.gov.uk



Internal audit summary  
report for Accounts,  
Audit and Risk  
Committee

January 2011



DISTRICT COUNCIL  
NORTH OXFORDSHIRE

# Contents

- 1. Plan Outturn.....3*
- 2. Reporting and Activity Progress .....4*
- 3. Summary of Key Risks.....5*
  
- Appendix One – Plan Progress.....6*
- Appendix Two – Finalised Reports .....8*
- Appendix Three – Risk Ratings.....9*

# 1. Plan Outturn

## **2010/11 Audit Plan**

We have undertaken work in accordance with the 2010/11 Internal Audit Plan which was approved by the Accounts, Audit and Risk Committee at its meeting in March 2010. Since the last meeting of the Committee there have been no further changes to the plan.

An outturn statement detailing assignments undertaken and actual activity for the year is shown in Appendix One. At present we have completed **129 days** out of a total planned **210 days (61%)**.

## 2. Reporting and Activity Progress

### Final reports issued

Since the last Accounts, Audit and Risk Committee in December 2010, we have issued four further final reports to the Council, as detailed below:

**General Ledger** - We provided a HIGH assurance opinion on the adequacy and operating effectiveness of controls in place over the General Ledger, raising one medium risk issue and four low risk issues, with the main issue relating to a lack of exception reports for amendments to standing data.

**Health and Safety** - We provided a HIGH assurance opinion on the adequacy and operating effectiveness of controls in place over health and safety, raising one medium risk issue and one low risk issue in respect of timely training and failure to evidence ongoing periodic risk assessments in certain areas.

**Debtors** – We have provided a MODERATE assurance opinion on the adequacy and effectiveness of controls in place over debtors, raising two medium risk and four low risk issues, with the main issue relating to the processes in place to follow up aged debt. Management is implementing plans to address this matter.

**Creditors** - We have provided a MODERATE assurance opinion on the adequacy and effectiveness of controls in place over creditors, raising one high risk, one medium risk and two low risk issues, with the main issue relating to the inconsistent use of purchase orders across the Council, while recognising that the Council has plans in place to roll out core training to appropriate staff.

In particular, the system at the Council appears well designed and is performing to a high level and the system for ensuring that the Council is abreast of all necessary legislative and best-practice developments is robust, with the Council retaining membership of a number of industry bodies and forums to ensure continued high performance.

### Fieldwork and draft reports

Draft reports have been issued in the following areas:

- Collection Fund;
- Anti Fraud and Collection;
- Housing Benefits;
- Procurement; and
- Job Evaluation.



# 3. Summary of Key Risks

## Overview

Our final reports include recommendations made in line with our risk ratings summarised in Appendix Three.

Further information is provided in the individual reports which can be produced in full if required.

At the time of this report, we have identified no issues that should be considered as significant control weaknesses.

# Appendix One – Plan Progress

Our schedule of work has been based upon the revised audit plan that has been presented to you in this meeting.

Planned activity	Planned days	Actual days	Status
<b>1. Fundamental assurance</b>			
General Ledger	5	5	Final Report Issued
Debtors	10	10	Final Report Issued
Creditors	5	5	Final Report Issued
Payroll	5	5	Final Report Issued
Budgetary Control	10	0	To be commenced
Collection Fund	15	14	Draft Report Issued
Bank Reconciliations	5	5	Final Report Issued
Cashiers	5	5	Final Report Issued
Treasury Management	10	10	Final Report Issued
Housing Benefits	10	8	Fieldwork Completed
Fixed Assets	10	0	To be commenced
IFRS	8	0	To be commenced
Car Parking	5	5	Final Report Issued
Risk Management	5	0	To be commenced
Procurement	10	9	Draft Reports Issued
<b>TOTAL</b>	<b>118</b>	<b>81</b>	

Planned activity	Planned days	Actual days	Status
<b>2. Operational system reviews</b>			
– risk based assurance			
Partnership Working	5	0	To be commenced
Freedom of Information and Data Protection	5	5	Final Report Issued
Health and Safety	5	5	Final Report Issued
ICT Audits	20	4	Scoping commenced
Job Evaluation	5	4	Draft Report Issued
Strategic Planning	5	0	To be commenced
<b>TOTAL</b>	<b>45</b>	<b>18</b>	
<b>3. Strategic Reviews</b>			
Anti Fraud and Whistleblowing	5	4	Draft Report Issued
Performance Management	5	0	To be commenced
Business Plan	2	2	Draft Letter Issued
<b>TOTAL</b>	<b>12</b>	<b>6</b>	
<b>4. Other</b>			
Follow Up	5	3	Ongoing
Audit Management	30	21	Ongoing
<b>TOTAL</b>	<b>35</b>	<b>24</b>	
<b>Overall Total</b>	<b>210</b>	<b>129</b>	

# Appendix Two – Finalised Reports

Assignment	High	Medium	Low	Total	Overall opinion
Debtors	0	2	4	6	<b>MODERATE</b>
Creditors	1	1	2	4	<b>MODERATE</b>
General Ledger	0	1	4	5	<b>HIGH</b>
Bank Reconciliations	0	2	2	4	<b>MODERATE</b>
Car Parking	0	2	3	5	<b>MODERATE</b>
Cash Collection	0	3	4	7	<b>MODERATE</b>
Freedom of Information and Data Protection	0	1	1	2	<b>HIGH</b>
Payroll	0	2	1	3	<b>HIGH</b>
Treasury Management	0	2	1	3	<b>HIGH</b>
Health and Safety	0	1	1	2	<b>HIGH</b>
Eco Town Funding	n/a No opinion issued				
<b>Total</b>	<b>0</b>	<b>17</b>	<b>23</b>	<b>41</b>	

# Appendix Three – Risk Ratings

## Our assessment criteria are shown below:

Each of the issues identified has been categorised according to risk as follows:

Risk rating	Assessment rationale
<p>●● Critical</p>	<p>Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the <b>authority's objectives</b> in relation to:</p> <ul style="list-style-type: none"> <li>• the efficient and effective use of resources;</li> <li>• the safeguarding of assets;</li> <li>• the preparation of reliable financial and operational information; or</li> <li>• compliance with laws and regulations.</li> </ul>
<p>● High</p>	<p>Control weakness that has or is likely to have a significant impact upon the achievement of key <b>system, function or process</b> objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall authority objectives.</p>
<p>● Medium</p>	<p>Control weakness that:</p> <ul style="list-style-type: none"> <li>• has a low impact on the achievement of the key system, function or process objectives; or</li> <li>• has exposed the system, function or process to a key risk. However the likelihood of this risk occurring is low.</li> </ul>
<p>● Low</p>	<p>Control weakness that does not impact upon the achievement of key <b>system, function or process</b> objectives; however implementation of the recommendation would improve overall control.</p>

**Overall opinion rating:**

Level of assurance	Description
<b>High</b>	No control weaknesses were identified; or Our work found some low impact control weaknesses which, if addressed would improve overall control. However, these weaknesses do not affect key controls and are unlikely to impair the achievement of the objectives of the system. Therefore we can conclude that the key controls have been adequately designed and are operating effectively to deliver the objectives of the system, function or process.
<b>Moderate</b>	There are some weaknesses in the design and/or operation of controls which could impair the achievement of the objectives of the system, function or process. However, either their impact would be less than significant or they are unlikely to occur.
<b>Limited</b>	There are some weaknesses in the design and / or operation of controls which could have a significant impact on the achievement of key system, function or process objectives but should not have a significant impact on the achievement of organisational objectives. However, there are discrete elements of the key system, function or process where we have not identified any significant weaknesses in the design and / or operation of controls which could impair the achievement of the objectives of the system, function or process. We are therefore able to give limited assurance over certain discrete aspects of the system, function or process.
<b>No</b>	There are weaknesses in the design and/or operation of controls which, in aggregate, could have a significant impact on the achievement of key system, function or process objectives and may put at risk the achievement of organisation objectives.

*In the event that, pursuant to a request which Cherwell District Council has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PricewaterhouseCoopers (PwC) promptly and consult with PwC prior to disclosing such report. Cherwell District Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and Cherwell District Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, Cherwell District Council discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.*

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## Accounts, Audit and Risk Committee

External Audit: Audit Plan 2010/11

19 January 2011

### Report of Head of Finance

#### PURPOSE OF REPORT

This report sets out the work that the Audit Commission will undertake in order to form an opinion on the financial statements for 2010/11 taking into account risk which satisfies their responsibilities under the Audit Commission's Code of Audit Practice.

This report is public

#### Recommendations

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The Accounts, Audit and Risk Committee is recommended to:

- (1) Note the contents of the report.

#### Executive Summary

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##### Introduction

- 1.1 The 2010/11 audit plan attached in Appendix 1 sets out the audit work that the External Auditor proposes for the audit of financial statements and the value for money conclusion for 2010/11. This report also sets out the information required from internal audit and third parties.
- 1.2 As part of this audit process the Audit Commission will assess whether the statements are prepared without any material misstatements (whether due to fraud or error) and give an opinion on whether the statements are a true indication of the Council's financial affairs for the year 2010/11.
- 1.3 As part of this process the Audit Commission use a risk based approach to determine what work is required and this process is detailed in Appendix 1.
- 1.4 This approach has identified 3 specific risks –
  - a) The introduction of International Financial Reporting Standards (IFRS)
  - b) The government's Spending Review which requires every council across the country to make large financial savings.
  - c) The £10m redevelopment of Bicester Town Centre in partnership with

## Sainsbury's

- 1.5 Risks a and b are common to all Councils preparing financial statements and we have been addressing these through the IFRS project team and our work on the Medium Term Financial Strategy.
- 1.6 Risk c is specific to Cherwell District Council and is being managed through project board which is facilitated by a dedicated service accountant. We have already had preliminary discussion with internal and external audit regarding the accounting treatment associated with the transaction.
- 1.7 The base fee for the 2010/11 audit is £120,000 which includes a rebate of £7,336 relating to a subsidy against the introduction of IFRS. The Audit Commission is currently consulting on a further reduction of 1.5% of the fee to reflect the reduction in work associated with value for money and reduction in work associated with IFRS as it is implemented. This would represent a budget saving of £1800. The district auditor will give the latest on fees at the committee meeting.
- 1.8 The audit of the financial statements is governed by a framework established by International Standards on Auditing (ISAs). These set out the basic principles and essential procedures which govern the external audit process.
- 1.9 In 2009 the auditing profession completed a comprehensive project to improve the clarity of all the ISAs. This was known as the Clarity Project. One of the main objectives of the Clarity Project was to promote greater consistency of application between auditors. This has been done by reducing the ambiguity within existing ISAs and improving their overall readability and understandability.
- 1.10 The new clarified framework will apply to audit's from 2010/11 and Appendix 2 highlights the main changes and how they will impact the audit of the financial statements. The District Auditor will take the committee through the report.

## Conclusion

- 1.11 The risks identified will be monitored and this committee will receive updates as to how these have been considered in preparing the financial statements.
- 1.12 In summary the main changes associated with the revision of ISA`s relate to:
  - Journals;
  - Related Party Transactions;
  - Accounting Estimates; and
  - Reporting deficiencies in internal control.

Consideration will be given to these in preparing the final closedown timetable and preparing the required working papers ahead of commencement of the audit.

- 1.13 The finance team will provide detailed working papers and analysis to assist the Audit Commission in completing their work in accordance with Appendix 1 and Appendix 2 and agreed timetable.
- 1.14 An audit opinion on the 2010/11 accounts will be given to this committee in September 2011.

### **Key Issues for Consideration/Reasons for Decision and Options**

---

The following options have been identified. The approach in the recommendations is believed to be the best way forward

- Option One**                      To note the contents of the report
- Option Two**                      To raise issues or questions relating to this report

### **Implications**

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- Financial:**                      There are no direct financial implications from this report other than to note the proposals regarding fees.  
Comments checked by Karen Muir, Corporate System Accountant 01295 22159
- Legal:**                              There are no implications arising from this report  
Comments checked by Liz Howlett, Head of Legal and Democratic Services 01295 221686
- Risk Management:**              There are no implications arising from this report  
Comments checked by Karen Muir, Corporate System Accountant 01295 22159

### **Wards Affected**

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All

### **Document Information**

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<b>Appendix No</b>	<b>Title</b>
Appendix 1	Audit Opinion Plan 2010/11
Appendix 2	Opinion Audit – changes you can expect to see
<b>Background Papers</b>	
None	
<b>Report Author</b>	Karen Curtin, Head of Finance
<b>Contact Information</b>	01295 221551 karen.curtin@Cherwell-dc.gov.uk

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# Audit plan

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**Cherwell District 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

<b>Introduction</b>	<b>2</b>
<b>Responsibilities</b>	<b>3</b>
<b>Fee for the audit</b>	<b>4</b>
Specific actions Cherwell District Council could take to ensure an efficient audit	4
<b>Auditor's report on the financial statements</b>	<b>5</b>
Materiality	5
Identifying opinion audit risks	5
<b>Identification of specific risks</b>	<b>6</b>
Value for money risks	6
<b>Testing strategy</b>	<b>7</b>
<b>Value for money conclusion</b>	<b>8</b>
<b>Key milestones and deadlines</b>	<b>9</b>
<b>The audit team</b>	<b>10</b>
Independence and objectivity	10
Meetings	10
Quality of service	10
Planned outputs	11
<b>Appendix 1 Basis for fee</b>	<b>12</b>
Assumptions	12
<b>Appendix 2 Independence and objectivity</b>	<b>13</b>
<b>Appendix 3 Working together</b>	<b>15</b>
Meetings	15
Sustainability	15
<b>Appendix 4 Glossary</b>	<b>16</b>

# Introduction

## **This plan sets out the audit work I propose for the audit of financial statements and the value for money conclusion 2010/11.**

**1** The plan is based on the Audit Commission's risk-based approach to audit planning. It reflects:

- audit work specified by the Audit Commission for 2010/11;
- current national risks relevant to local circumstances; and
- local risks.



# Responsibilities

**The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies sets out the respective responsibilities of the auditor and the audited body. The Audit Commission has issued a copy to every audited body.**

**2** The Statement summarises where the responsibilities of auditors and of the audited body begin and end. I undertake my audit work to meet these responsibilities.

**3** I comply with the statutory requirements governing our audit work, especially the Audit Commission Act 1998, and the Code of Audit Practice.

## Fee for the audit

### **The fee for the audit is £120,000, as indicated in my letter of 28/04/10.**

4 The Audit Commission fee for the Council is set at the scale fee of £120,000.

5 The Commission confirmed earlier this year that it would subsidise the 'one-off' element of the cost of transition to International Financial Reporting standards (IFRS) for local authorities from 2010/11. You received a rebate of £7,336 direct from the Audit Commission in April 2010.

6 On 10 December 2010, the Audit Commission wrote to all audited bodies setting out its proposed work programme and scales of fees for 2011/12. This proposes significant decreases in audit fees of between 5 and 20 per cent in 2011/12, reflecting both the new approach to local value for money audit work and a reduction in the ongoing audit costs associated with the introduction of IFRS. In relation to 2010/11 fees, the Commission is proposing to rebate 1.5 per cent of the 2010/11 scale fee for district councils.

7 In setting the fee, I have assumed that:

- the risk level for the audit of accounts is consistent with that for 2009/10;
- good quality, accurate working papers are available at the start of the financial statements audit;
- the Council will supply good quality working papers for the restatement of 2009/10 balances to comply with International Financial Reporting Standards (IFRS); and
- Internal Audit undertakes appropriate work on all material systems which is available for our review by 30 April 2011.

8 Where these assumptions are not met, I will need to do extra work which is likely to increase the audit fee. If this is the case, I will discuss this first with the Head of Finance and issue audit plan supplements which will show changes to the risk assessment and the fee impact.

9 Further information on how I arrive at the fee is in Appendix 1.

### **Specific actions Cherwell District Council could take to ensure an efficient audit**

10 The Audit Commission requires its auditors to inform audited bodies of specific actions which ensure an efficient audit can be delivered. I will work with staff to identify these and to provide ongoing audit support.

# Auditor's report on the financial statements

## **I will carry out the audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).**

**11** I am required to issue an audit report giving my opinion on whether the accounts give a true and fair view of the financial position of the Council as at 31 March 2011.

### **Materiality**

**12** I will apply the concept of materiality in both planning and performing the audit, in deciding on the effect of any identified misstatements, and in forming my opinion.

### **Identifying opinion audit risks**

**13** I need to understand the audited body well to identify any risk of material misstatement (because of either fraud or error) in the financial statements. I do this by:

- identifying the business risks facing the Council, including assessing its own risk management arrangements;
- considering the financial performance of the Council;
- assessing internal control – including reviewing the control environment (including IT) and Internal Audit; and
- assessing the risk of material misstatement arising from activities and controls within information systems.

## Identification of specific risks

**I have considered the additional risks appropriate to the current opinion audit and set them out below.**

Table 1: **Specific risks**

Specific opinion risks identified

Risk area	Audit response
The introduction of International Financial Reporting Standards (IFRS)	Like other local government authorities, the Council must prepare financial statements for 2010/11 based on International Financial Reporting Standards (IFRS). It has a project plan for putting IFRS in place. This is on track to meet all the statutory deadlines for financial reporting in 2010/11.
The £10m redevelopment of Bicester Town Centre in partnership with Sainsbury's.	The Council will sell land and dispose of a car park in exchange for new land and a capital receipt of £1.5m from Sainsbury's. The Council needs to consider the accounting proposals under IFRS for: the land transfers; the impairment of the Asset under Construction; and the accounting treatment of leases associated with the development.
The government's Spending Review which requires every council across the country to make large financial savings.	The Council has been anticipating the Spending Review. It has made plans to make significant savings through its Medium Term Plan and Financial Strategy and is working in partnership with other local public bodies.

### Value for money risks

**14** I will undertake my risk assessment for the value for money conclusion later in the year. I will discuss it with you when I have done so.

# Testing strategy

**I will produce a testing strategy based on the risks identified. This will consist of testing key controls and/or substantive tests of transaction streams and material account balances at year-end.**

**15** I can carry out the testing before or after you have produced the draft financial statements (pre- and post-statement testing).

**16** Where possible, I will complete some substantive testing earlier in the year before the financial statements are available for audit. I have identified the following areas where substantive testing could be carried out early.

- Review of accounting policies.
- Bank reconciliation.
- Movements in reserves.
- Council tax and NNDR opening debit.
- Property, plant and equipment – ownership.
- Investments – ownership.
- Year-end feeder system reconciliations.

Where I identify other possible early testing, I will discuss it with officers.

**17** I will rely on Internal Audit's work to help meet my responsibilities where possible. For 2010/11, I expect to be able to use the results of the following pieces of work.

- Car parking.
- Creditors.
- Payroll.

**18** I will also rely on the work of other auditors and experts to meet my responsibilities where appropriate. For 2010/11, I plan to rely on the work of other auditors for the Pension Fund administered by Oxfordshire County Council

**19** I also plan to rely on the work of experts in the following areas.

- The Council's property valuer.
- Pension fund actuary.

## Value for money conclusion

### **I am required to give a statutory Value for Money conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.**

**20** The Commission has specified two criteria, related to the Council arrangements for:

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

**21** I will plan a programme of value for money audit work based on my risk assessment.

## Key milestones and deadlines

**The Council must prepare the financial statements by 30 June 2011. I must complete the audit and issue the opinion and value for money conclusion by 30 September 2011.**

**22** The key stages in producing and auditing the financial statements are in Table 2.

**23** I will agree with you a schedule of working papers to support the entries in the financial statements. The agreed fee depends on the timely receipt of accurate working papers.

**24** During the audit, the audit team will meet the key contacts and review the status of all queries. This will be weekly or as appropriate, depending on the need and the number of issues arising.

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Table 2: **Proposed timetable**

Activity	Date
Control and early substantive testing	February 2011
Receipt of accounts	22 June 2011
Sending audit working papers to the auditor	30 June 2011
Start of detailed testing	July 2011
Progress meetings	Weekly
Present report to those charged with governance at the audit committee	21 September 2011
Issue opinion and value for money conclusion	By 30 September 2011

---

## The audit team

**Table 3 shows the key members of the team for the 2010/11 audit.**

Table 3: **Audit team**

Name	Contact details	Responsibilities
Maria Grindley District Auditor	<a href="mailto:m-grindley@audit-commission.gov.uk">m-grindley@audit-commission.gov.uk</a> 0844 798 8952	Responsible for overall delivery of the audit including the quality of reporting, signing the opinion and conclusion, and liaison with the Chief Executive.
Nicola Jackson Audit Manager	<a href="mailto:n-jackson@audit-commission.gov.uk">n-jackson@audit-commission.gov.uk</a> 0844 798 8964	Manages and coordinates the different elements of audit work. Key point of contact for the Head of Finance.

### Independence and objectivity

**25** I am not aware of any relationships affecting the independence and objectivity of the District Auditor or the audit staff, which I am required by auditing and ethical standards to communicate to you.

**26** I comply with the APB ethical standards and the Audit Commission's requirements for independence and objectivity, see Appendix 2.

### Meetings

**27** The audit team will ensure we are up-to-date on your issues through meeting key officers regularly. This will inform our risk-based audit. My proposals are set out in Appendix 3.

### Quality of service

**28** I aim to provide you with a fully satisfactory audit service. However if you are unable to deal with any difficulty through me or my team, please contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ ([c-westwood@audit-commission.gov.uk](mailto:c-westwood@audit-commission.gov.uk)). He will look into any complaint promptly and to do what he can to resolve the position.



29 If you are still not satisfied, you may of course take the matter up with the Audit Commission's Complaints Investigation Officer (The Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol BS34 8SR).

## Planned outputs

30 My team will discuss and agree reports with the appropriate officers before issuing them to the Accounts, Audit and Risk Committee.

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Table 4: **Planned outputs**

Planned output	Indicative date
Audit Plan	23 December 2010
Annual governance report	21 September 2011
Auditor's report giving an opinion on the financial statements and the value for money conclusion	21 September 2011
Annual audit letter	30 November 2011

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# Appendix 1 Basis for fee

The Audit Commission targets its work for greatest effect, based on risk and performance assessments. This means that we plan our work to address risks relevant to our audit responsibilities, and the audit fees reflect this.

The risk assessment process starts by identifying significant financial and operational risks which apply to the Council, referring to:

- cumulative audit knowledge of the Council;
  - Audit Commission planning guidance;
  - specific results of previous and current audit work;
- interviews with Council officers; and
- liaison with Internal Audit.

## Assumptions

In setting the fee, I have assumed that:

- the level of risk for the audit of the financial statements is consistent with that for 2009/10;
- the fee for the value for money conclusion is the same as for 2009/10;
- you will inform me of significant developments which have an impact on the audit;
- Internal Audit meets appropriate professional standards;
- Internal Audit undertakes enough appropriate work on all systems providing material figures in the financial statements for me to place reliance on it for my purposes;
- you provide:
  - good quality working papers and records to support the financial statements by 30 June 2011;
  - requested information within agreed timescales;
  - prompt responses to draft reports; and
- no extra work is needed to address questions or objections from local government electors.

Where these assumptions are not met, I must undertake extra work which is likely to increase the audit fee.

## Appendix 2 Independence and objectivity

Auditors appointed by the Audit Commission must comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which define the terms of the appointment. When auditing the financial statements, auditors must also comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).

The main requirements of the Code of Audit Practice, Standing Guidance for Auditors, and the standards are summarised below.

International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:

- discloses in writing all relationships that may bear on the auditor's objectivity and independence, the safeguards to protect against these threats, and the total fee that the auditor has charged the client; and
- confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, staff are independent and their objectivity is not compromised.

The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate persons form the Accounts, Audit and Risk Committee. The auditor reserves the right, however, to deal directly with the Council on important matters.

The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors do their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

The Standing Guidance for Auditors includes a number of specific rules. Those relevant to this audit appointment are as follows.

- Appointed auditors should not perform additional work for an audited body (ie work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly shown in the Audit and Inspection Plan as 'additional work' and charged for separately from the normal audit fee.
- Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.
- The District Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every seven years, with additional safeguards in the last two years.
- The District Auditor and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.

The District Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

## Appendix 3 Working together

### Meetings

The audit team will ensure we know about your issues to inform our risk-based audit through regular liaison with key officers.

My proposals for meetings are as follows.

Table 5: **Proposed meetings with officers**

Council officers	Audit Commission staff	Timing	Purpose
Head of Finance	AM	March, July, September	General update plus: <ul style="list-style-type: none"><li>■ July – accounts progress; and</li><li>■ September – annual governance report.</li></ul>
Chief Executive	DA and AM	Quarterly	Update on audit issues plus: <ul style="list-style-type: none"><li>■ September – annual governance report and key messages for Annual Audit Letter.</li></ul>
Audit Committee	DA and AM	As determined by the Committee	Formal reporting of: <ul style="list-style-type: none"><li>■ Audit plan;</li><li>■ Annual governance report;</li><li>■ Annual audit letter; and</li><li>■ Other issues as appropriate.</li></ul>

### Sustainability

The Audit Commission is committed to promoting sustainability in our working practices. I will consider how we can reduce our impact on the environment where possible. This will include:

- reducing paper by encouraging you to give us documentation and working papers electronically;
- use of video and telephone conferencing for meetings as appropriate; and
- reducing travel.

## Appendix 4 Glossary

### **Annual audit letter**

Report issued by the auditor to an audited body summarising audit work carried out in the period, auditors' opinions or conclusions where appropriate, and significant issues arising.

### **Audit of the accounts**

The audit of the accounts of an audited body comprises all auditors' work done in accordance with the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

### **Audited body**

A body to which the Audit Commission appoints the external auditor. It comprises both members of the body and its management (the senior officers). Those charged with governance are its members (see also 'Members' and 'Those charged with governance').

### **Auditing Practices Board (APB)**

The body responsible in the UK for issuing auditing and ethical standards and other guidance to auditors. It aims to establish high audit standards to meet the developing needs of those who use financial information, and to ensure public confidence in the auditing process.

### **Auditing standards**

APB pronouncements containing basic principles and essential procedures. Auditors must comply with them, except where otherwise stated in the auditing standard concerned.

### **Auditor(s)**

Auditors appointed by the Audit Commission.

### **Code (the)**

The Code of Audit Practice.

### **Commission (the)**

The Audit Commission for Local Authorities and the National Health Service in England.

## **Ethical Standards**

Pronouncements of the APB containing basic principles for the conduct of audits. Auditors must comply with them, except where otherwise stated in the standard concerned.

## **Financial statements**

The annual statement of accounts or accounting statements that audited bodies must prepare. These summarise their accounts in accordance with regulations and proper accounting practices.

## **Internal control**

The whole system of financial and other controls to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

## **Materiality (and significance)**

The APB defines materiality as 'an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor's report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects'.

The term 'materiality' applies only in relation to the financial statements. Appointed auditors have other responsibilities and duties under statute which do not necessarily affect their opinion on the financial statements.

The concept of 'significance' refers to these wider responsibilities. Auditors adopt a level of significance that may differ from the materiality level applied to their audit of the financial statements. Significance may be either qualitative or quantitative.

## **Members**

The elected or appointed members of local government bodies, responsible for their overall direction and control (see also 'Those charged with governance' and 'Audited body').

## **Regularity (of expenditure and income)**

Whether (subject to materiality) the expenditure and income of the audited body have been applied for the purposes intended by parliament, and whether they conform with the authorities that govern them.

## **Remuneration report**

Audited bodies must produce a remuneration report showing the salary and pension entitlements of senior managers. They must publish it with the financial statements.

## **Annual Governance Statement**

Local government bodies must publish a statement on internal control (SIC) with their financial statements (or with their accounting statements in the case of small bodies). The body's assurance framework supports and evidences the disclosures in the SIC. At local authorities the SIC is called the Annual Governance Statement and prepared in accordance with CIPFA guidance.

## **Those charged with governance**

Auditing standards define those charged with governance as 'those persons entrusted with the supervision, control and direction of an entity'.

Those charged with governance in local government are: the full council, audit committee, or other committee with delegated responsibility for approving the financial statements.

Audit committees are only mandatory for police authorities and local probation trusts. Other local government bodies should have proper arrangements to allow those charged with governance to discuss audit matters with both internal and external auditors. Auditors should satisfy themselves that the audited body considers these matters, and auditors' reports, at the most appropriate level.

## **Whole of Government Accounts**

Whole of Government Accounts aims to produce a single set of financial accounts for the entire UK public sector, based on commercial accounting principles. Local government bodies, apart from probation boards and trusts, must submit a consolidation pack to the department for Communities and Local Government based on, but separate from, their statutory accounts.



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**0844 798 7070**

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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.



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December 2010

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# **2010/11 opinion audit - changes you can expect to see**

**Cherwell District Council**

**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.**

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# Contents

<b>Purpose of this document</b>	<b>2</b>
<b>Impact of the main changes</b>	<b>3</b>
<b>New Value for Money Criteria</b>	<b>4</b>

# Purpose of this document

## Changes to International Standards on Auditing

**1** My audit of your financial statements is governed by a framework established by International Standards on Auditing (ISAs). These set out the basic principles and essential procedures which govern my work.

**2** As with all guidance and frameworks, auditing standards are revised and updated, often in a piecemeal fashion. However, in 2009 the auditing professional completed a comprehensive project to improve the clarity of all the ISAs. This is known as the Clarity Project.

**3** One of the main objectives of the Clarity Project was to promote greater consistency of application between auditors. This has been done by reducing the ambiguity within existing ISAs and improving their overall readability and understandability.

**4** The new clarified framework will apply to my audit of your 2010/11 financial statements. Because of the new standards, you can expect to see some changes in the way my audit team delivers your audit and the information they seek from you. The purpose of this document is to highlight to you the main changes and how they will impact you.

**5** In summary the main changes you will see cover:

- Journals;
- Related Party Transactions;
- Accounting Estimates; and
- Reporting deficiencies in internal control.

## Value for money conclusion

**6** I no longer give a scored assessment (Use of Resources) of the Council's value for money arrangements. However, I have a continuing statutory responsibility to give a conclusion on whether the Council has proper arrangements for securing value for money (VFM)

**7** The Commission has introduced a new, more targeted approach to my local value for money audit work. For 2010/11, my work will cover two criteria:

- Do you have proper arrangements in place for securing financial resilience?; and
- Do you have proper arrangements for challenging how you secure economy, efficiency and effectiveness?

**8** The purpose of this document is to highlight the areas in your arrangements that we will look to review.

# Impact of the main changes

## Journals

**9** ISA (UK&I) 330 (The Auditor's response to assessed risks), requires me to review all material year-end adjustment journals.

## Related Party Transactions

**10** ISA (UK&I) 550 (Related parties) requires me to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. I will also review minutes and correspondence for evidence of related party transactions and carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

## Accounting Estimates

**11** ISA (UK&I) 540 (Auditing Accounting Estimates, Including Fair Value Accounting Estimates, And Related Disclosures) requires me to look at your accounting estimates in detail. As part of my audit I will request a list of these from you. I will need to know in particular:

- the process you use to make your accounting estimates;
- the controls you use to identify them;
- whether you use an expert to help you in making the accounting estimates;
- whether any alternative estimates have been discussed and why they have been rejected;
- how you assess the degree of estimation uncertainty (this is the uncertainty arising because the estimate cannot be precise or exact) ;  
and
- the prior year's accounting estimates outcomes, and whether there has been a change in the method of calculation for the current year.

## Deficiencies in internal control

**12** ISA (UK&I) 265 (Communicating Deficiencies In Internal Control To Those Charged With Governance And Management) is a new standard.

**13** If I identify a deficiency in any of your internal controls during the audit, I will undertake more audit testing to decide whether the deficiency is significant. If I decide the deficiency is significant, I will report it in writing to your Accounts, Audit and Risk Committee as those charged with governance.

# New Value for Money Criteria

## What do we mean by proper arrangements for securing financial resilience?

14 For our purposes, we see this as referring to arrangements for:

- **Financial governance** – The quality of financial governance and leadership is critical in meeting the financial management challenges and for securing financial resilience. Good basic systems, processes, and controls are important, but it is the overall financial culture that makes the difference;
- **Financial planning** – You need to be setting your budget in the context of a longer-term financial strategy and a medium-term financial plan (MTFP) covering for example, a three-to five-year horizon. The MTFP needs to be realistic. Assumptions around inflation, income levels, demographics, and future demand for services need to be modelled and based on reasonable predictions; and
- **Financial control** – councils need to manage within their budgets. You therefore need to challenge your budget monitoring and reporting arrangements to ensure they are fit-for-purpose, and that you can respond to the ever-greater need to demonstrate value for money and achieve efficiencies.

## What do we mean by securing economy, efficiency, and effectiveness?

15 We see this as the arrangements you have to prioritise your resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

16 You will have to make difficult decisions about priorities, and find more efficient and innovative ways of delivering your responsibilities within the current economic framework. Organisations which have proper arrangements for challenging how they secure economy, efficiency and effectiveness are more likely to be financially resilient and fit for the future. This includes:

- **prioritising resources** – making sustainable cost reductions, taking a strategic approach to challenging all areas of spend, considering how spending matches the priorities of the organisation and the needs of the people you serve; and
- **improving efficiency and productivity** – Managing the impact of reduced funding on local services as well as on partner organisations and making the best possible use of the total quantum of resources available.



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