

**Our reference** YO00109A

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— Dear Ian

### Supplementary opinion audit plan 2008/09

You may recall that I issued the initial audit plan for 2008/09 on 30th April 2008, which set out the work that I proposed in order to satisfy my responsibilities under the Audit Commission's Code of Audit Practice. As this plan was produced at the start of the financial year to give you an indication of the proposed fee, I was not able at that time to specify the detailed risks that I would need to consider as part of my audit opinion work.

I am now in a position to do this as the opinion work is about to commence. This letter represents my supplementary opinion plan under International Standard on Auditing (United Kingdom and Ireland) 300.

The above standard requires me to:

- identify the risk of material misstatements in your accounts;
- plan audit procedures to address these risks; and
- ensure that the audit complies with all relevant auditing standards.

I have therefore considered the additional risks that are appropriate to the current opinion audit and I have set these out below.

Risk	Residual risk	Audit response
The council will not accurately address the revised requirements of the SORP 2008. Although experience suggests that all new items are addressed by the council this risk is inherently	Yes	We will review the council's accounting treatment for all relevant new/revised items in the SORP 2008.

Risk	Residual risk	Audit response
present.		
The council's asset valuations (both fixed and current) will not be materially correctly stated, taking into account the impact of the economic and financial downturn.	Yes	We will discuss arrangements for revaluations and impairment reviews with officers prior to the draft accounts being produced. We will audit the valuations of assets and challenge the council where we consider that these valuations are not materially correct.
The council will not adequately address the weaknesses discovered last year in the accounting and closedown arrangements, in particular for fixed assets.	Yes	We will maintain our regular discussions with the Assistant Director (Finance) and corporate accountancy staff to satisfy ourselves that the closedown arrangements are on track. We will audit the fixed asset accounting entries in detail once the draft financial statements are produced.

In my original audit plan, the estimated fee for the financial statements audit was based on my best estimate at the time and agreed at £78,000 as part of a total audit fee of £241,055.

At this stage I am still satisfied that the original fee estimate for the opinion audit is appropriate and no adjustment is therefore required to the fee. However, I will keep the fee under review as the opinion audit progresses. If I need to amend the fee subsequently, I will first discuss it with you.

Yours sincerely

John Prentice  
District Auditor