



LONDON BOROUGH OF HARINGEY

Audit Progress Report - 2015/16

January 2017

INTRODUCTION

Background

This report is intended to provide the Corporate Committee with a summary of all work completed in respect of the 2015/16 financial year.

The Code sets out what local auditors are required to do to fulfil their statutory responsibilities under the Act:

Audit of the financial statements

- to be satisfied that the accounts present a true and fair view, and comply with the requirements of the enactments that apply to them
- to be satisfied that proper practices have been observed in the preparation of the accounts

Value for money arrangements

- to be satisfied that the organisation has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources

Reporting




- to issue an audit plan that sets out how the auditor intends to carry out their duties
- to report the findings of the audit to those charged with governance
- to express an opinion on the accounts
- to form an opinion on the organisation's arrangements to secure economy, efficiency and effectiveness in the use of resources
- to issue a statement on the consolidation schedules produced for the purposes of preparing Whole of Government accounts (whether these are consistent with the financial statements)
- to certify the completion of the audit
- to issue an annual audit letter highlighting the results of the auditor's work.

Certification work


- to certify the authority's Housing Benefit Subsidy claim form in accordance with instructions issued by PSAA.

Conclusions




We have included as a 'RAG' conclusion for all work completed in the report.

ASSESSMENT	EXPLANATION
RED 	Modification of audit report or opinion / significant concerns.
AMBER 	Some concerns over governance or finance.
GREEN 	No significant issues to report.


AUDIT PROGRESS 2015/16

AUDIT AREA	SCOPE	PROGRESS	ISSUES TO NOTE	RAG
PLANNING				
Planning letter	We are required to provide you with a planning letter setting out the scope of the audit for the year and the proposed fees set by Public Sector Audit Appointments Limited (PSAA).	Planning letters were issued for the Council's accounts and the pension fund.	No significant issues to bring to your attention.	N/A
Audit plan	We are required to report to you the results of our detailed audit planning and the proposed audit response to significant audit risks ahead of commencement of the audit work.	We issued our audit plans in February 2016.	No significant issues to bring to your attention.	N/A
FINANCIAL STATEMENTS				
Review of internal controls	Audit of the significant financial systems that support the financial statements.	<p>Review of financial systems and controls completed.</p> <p>Findings reported to the Corporate Committee on 15 September 2016.</p>	<p>Significant deficiencies in internal controls were identified covering:</p> <ul style="list-style-type: none"> • Sufficient information to be included on journal posting to the ledger • Bank reconciliations • Accuracy of membership records for pension fund members <p>Other deficiencies were noted for:</p> <ul style="list-style-type: none"> • Employment contracts • Funds held on behalf of clients • Single person discounts for council tax • Declaration of interests to include company directorship and mandatory returns for Pension Committee members. 	

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AUDIT AREA	SCOPE	PROGRESS	ISSUES TO NOTE	RAG
FINANCIAL STATEMENTS				
Financial statements - Council's accounts	Audit of the draft financial statements to determine whether these give a true and fair view and have been prepared in accordance with the CIPFA's Code of Practice.	The findings of our audit on the financial statements were reported to the Corporate Committee on 15 September 2016. True and fair opinion dated 29 September 2016.	Corrections were made to net-off internal recharges across departments from income and expenditure. Non-material issues were noted in respect of the following: <ul style="list-style-type: none"> • Further work should be undertaken to calculate depreciation on HRA dwellings based on a full component basis • Housing benefits overpayments (debt) for claimants with deductions from on-going benefit and provision for non-collection should be recognised in the financial statements. 	
Financial statements - pension fund accounts	Audit of the draft financial statements to determine whether these give a true and fair view and have been prepared in accordance with the CIPFA's Code of Practice.	The findings of our audit on the financial statements were reported to the Pensions Committee and Board on 20 September 2016. True and fair opinion dated 29 September 2016.	Some non-material differences were noted between the contributions received in the pension fund bank account each month and the total contributions per Haringey Council payroll.	
Whole of Government Account (WGA) schedules audit	We are required to provide an opinion whether the Council's WGA consolidation pack is consistent with the financial statements.	The opinion on the consistency of the consolidation pack was issued on 21 October 2016.	The Council has not been accurately coding a number of counter party transactions in accordance with the Treasury's schedule of coding, and therefore these were not being correctly recorded for elimination in the WGA.	

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AUDIT AREA	SCOPE	PROGRESS	ISSUES TO NOTE	RAG
USE OF RESOURCES				
Review of arrangements to secure economy, efficiency and effectiveness	We are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.	The findings of our audit on use of resources were reported to the Corporate Committee on 15 September 2016. Clean opinion dated 29 September 2016.	Whilst there are uncertainties around future grant funding, demographics and demand pressures the planning and assumptions appear to be adequate. The Council understands the financial challenges that it faces and has adequate arrangements in place to manage the financial position moving forward. However, the Council will need to closely monitor demand led services, the delivery of the savings necessary to meet the MTFs and the impact of the changes being implemented on the delivery of services.	
QUESTION AND OBJECTIONS				
Exercise of auditor powers	Objections to the lawfulness of items in the accounts were received in respect of Lender Option Borrower Option (LOBO) loans taken out by the Council many years ago.	We have completed our initial review of LOBO loans and are currently not minded to challenge the decisions taken by the Council or the lawfulness of these transactions.	Upon completion of the work, we will issue a statement of reasons to the objectors summarising our findings and what, if any, further action we intend to take.	TBC
REPORTING				
Audit certificate	To certify the completion of the audit at the point that the auditor's responsibilities in respect of the audit of the period covered by the certificate have been discharged.	Note that the audit certificate can be issued only following the conclusion and reporting on all objections (see above).	The audit certificate will remain open until the objections work has been completed.	TBC
Annual audit letter	Public-facing summary of audit work and key conclusions for the year.	Annual Audit Letter issued on 19 October 2016.	Summary of the issues noted above.	N/A

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GRANTS AND RETURNS				
Review of the Housing Benefit Subsidy claim	The scope of our certification is determined by PSAA, in consultation with the Department of Work and Pensions (DWP) to whom we report.	The return was certified on 22 December 2016.	A significant number of errors were found in benefit calculations for claimants as a result of local authority errors that may result in loss of subsidy recoverable by the Council.	
Grants report	Summary of our certification work for the year.	Grants report issued 16 January 2017.	Summary of the issues noted above.	N/A



The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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