



LONDON BOROUGH OF HARINGEY

Audit Progress Report

March 2017

INTRODUCTION

Background

This report is intended to provide the Audit Committee with an outline of our progress against our proposed work for 2016/17.

The Local Audit and Accountability Act 2014 makes the Comptroller and Auditor General for the National Audit Office responsible for the preparation, publication and maintenance of the Code of Audit Practice.

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

- issue an audit plan that sets out how the auditor intends to carry out their duties
- report the findings of the audit to those charged with governance
- to express an opinion on the accounts
- the opinion on the organisation's arrangements to secure economy, efficiency and effectiveness in the use of resources
- to certify the completion of the audit
- issue an annual audit letter highlighting the results of the auditor's work.




Other assurance work

We are also undertaking work to provide grant certification assurance on the Housing Benefit Subsidy Claim and other grant claims and returns required by the Council.

Progress to date

We have assessed whether the arrangements put in place by the Council will allow us to complete our work by the expected deadlines and whether there are any issues that are likely to have a significant impact on our ability to provide unmodified audit reports and opinions.

This is included as a 'RAG' assessment in the report.




ASSESSMENT	EXPLANATION
RED	 Unlikely to be able to meet reporting deadlines, significant concerns over governance or finance, or expected modification of audit report or opinion.
AMBER	 Some concerns around meeting reporting deadlines, some concerns over governance or finance, or potential risk of modification of audit report or opinion.
GREEN	 On target to meet deadlines and no current concerns over governance or finance.
TBC	Work not yet started or sufficiently progressed to include a 'RAG' assessment

Tracking progress

In order to allow you to track our progress, where work has been completed and previously reported to you we have 'greyed' out the text.

The key completion and reporting dates are also noted in the following tables.

AUDIT PROGRESS 2016/17


AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	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).	<p>We have issued our planning letter and the proposed fees for the Code audit are £206,475.</p> <p>We estimate that the fees for the grant certification review of the Housing Benefit Subsidy Claim will be £38,223.</p>	<p>Planning Letter</p> <p>Issued April 2016.</p>	
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 have agreed our audit plan with management and will be reported to the 21 March 2017 Corporate Committee meeting.	<p>Audit Plan</p> <p>Reporting to the Corporate Committee on 21 March 2017.</p>	
FINANCIAL STATEMENTS				
Interim visit	Audit of the significant financial systems that support the financial statements to be completed before draft accounts are prepared.	<p>Review and testing of the operating effectiveness of internal controls operated by the Council undertaken.</p> <p>We have provided some initial commentary to management on the draft MRP strategy, and noted some concerns over the amounts being set aside where using the 'annuity' provision method and a mismatch between PFI grant received and the MRP provision for the PFI assets. In our audit plan we have reported a potential risk that the Council may not apply a prudent MRP provision.</p>	<p>Significant deficiencies in internal controls</p> <p>Significant deficiencies in internal controls were identified in 2015/16 included:</p> <ul style="list-style-type: none"> • Bank reconciliations • Accuracy of membership records for pension fund members. <p>We have raised these as risks in our 2016/17 Council and Pension Fund audit plans.</p> <p>No other significant deficiencies in internal controls have been identified through our audit work to date.</p> <p>All other observations on internal controls will be reported in our Audit Completion Report to the September 2017 Corporate Committee meeting.</p>	

AUDIT PROGRESS 2016/17

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
FINANCIAL STATEMENTS (continued)				
Final audit visit	<p>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.</p> <p>The audit also includes a review of the annual governance statement.</p>	Final audit testing of the financial statements will commence upon receipt of the draft financial statements, and on site at the Council from 5 July 2017.	<p>Audit Completion Report</p> <p>The findings of our audit on the financial statements will be reported to the Corporate Committee at the September meeting ahead of the deadline of 30 September.</p> <p>Auditor's report</p> <p>The opinion on the financial statements will be included in the auditor's report and issued following the Corporate Committee's approval of the financial statements.</p>	<p>TBC</p> <p>September 2017</p> <p>Deadline</p> <p>30 September 2017</p>
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.	Review to be undertaken during the financial statements audit at the final audit visit.	<p>Opinion on the WGA consolidation schedules</p> <p>The opinion on the consistency of the consolidation pack will be issued following the Corporate Committee's approval of the financial statements.</p>	<p>TBC</p> <p>September 2017</p> <p>Deadline</p> <p>TBC</p>
USE OF RESOURCES				
Review of arrangements to secure economy, efficiency and effectiveness	We are required to be satisfied that the organisation has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.	<p>Initial review of the Council's arrangements, 2016/17 forecast financial outturn and updates to the 5 year medium term financial strategy.</p> <p>This has informed our planning risk assessment process and has highlighted significant risks in relation to sustainable finances and ensuring that the proposed governance arrangements are appropriate for the Haringey Development Vehicle. These are detailed in our audit plan.</p>	<p>Final Audit Report</p> <p>The findings of our review of use of resources will be reported to the September 2017 Corporate Committee meeting ahead of the deadline of 30 September.</p> <p>Auditor's report</p> <p>The conclusion on use of resources will be included in the auditor's report and will be issued following the Corporate Committee's approval of the financial statements.</p>	<p>TBC</p> <p>September 2017</p> <p>Deadline</p> <p>30 September 2017</p>

AUDIT PROGRESS 2016/17

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
GRANTS AND RETURNS				
Review of the Housing Benefit Subsidy claim	To review and submit the Housing Benefit Subsidy grant claim in accordance with the PSAA HBCOUNT arrangements by 30 November 2017.	<p>Samples to be selected and tested on receipt of draft 2016/17 claim and claim breakdowns.</p> <p><u>Update on 2015/16 audit issues reported</u></p> <p>The Council received a DWP letter in February 2017 setting out the potential loss of subsidy as a result of errors identified as part of the 2015/16 audit. Management are currently liaising with DWP to agree a timescale for additional work to be completed by the Council to address errors identified and seek to reduce the potential loss of subsidy proposed by DWP.</p>	Housing Benefit Subsidy grant claim to be audited and submitted by 30 November 2017 deadline.	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.	To be issued on completion of the audit of the financial statements and review of the arrangements to secure economy, efficiency and effectiveness.	<p>Auditor's report</p> <p>The audit certificate to close the audit for the year will be included in the auditor's report.</p>	<p>Deadline</p> <p>To be issued after WGA opinion issued.</p>
Annual audit letter	Public-facing summary of audit work and key conclusions for the year.	Annual Audit Letter to be drafted upon completion of audit work.	<p>Annual audit letter</p> <p>The key findings from our audit will be reported in the annual audit letter.</p>	<p>Deadline</p> <p>31 October 2017</p>
Grants report	Summary of our certification work completed on 31 March 2017 claims.	To be drafted after certification work concluded.	<p>Grants Report</p> <p>The key findings from our work will be reported to the Corporate Committee.</p>	<p>Deadline</p> <p>After completion of certification work.</p>



The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising. No responsibility to any third party is accepted.

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