

Nazyer Choudhury  
Democratic Services

2 December 2024

To: All Members of the Audit Committee

Dear Member,

Audit Committee - Tuesday, 3 December, 2024

Please find attached the remaining report that was listed to follow under the original agenda.

- 7. VALUE FOR MONEY ASSESSMENT TO 31 MAR 2023 (BDO) (PAGES 1 - 226)**

## SECOND DESPATCH

# AUDIT COMMITTEE

**Tuesday, 3 December 2024, 7.00 pm - Woodside Room - George Meehan House, 294 High Road, N22 8JZ (watch the live meeting [here](#) and watch the recording [here](#))**

**Members:** Councillors Diakides, Ahmed Mahbub, Erdal Dogan (Chair), Cathy Brennan (Vice-Chair), Mary Mason, Alessandra Rossetti and Adam Small

**Quorum:** 3

**7. VALUE FOR MONEY ASSESSMENT TO 31 MAR 2023 (BDO) (PAGES 1 - 226)**

Report to follow.

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George Meehan House, 294 High Road, Wood Green, N22 8JZ

Tuesday, 03 December 2024

# London Borough of Haringey Council

Audit Completion Report: Year ended 31 March 2021

Report to the Audit Committee

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**IBDO**

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# Welcome

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This is our Audit Completion Report to the Audit Committee of London Borough of Haringey. The National Audit Office has issued Local Audit Reset and Recovery Implementation Guidance (LARRIGs) to support the reset and recovery of local audit in England.

This report summarises the results of our audit of London Borough of Haringey for the year ended 31 March 2021, including areas requiring further discussion and/or the attention of the Audit Committee. We look forward to discussing these matters with you at the Audit Committee meeting on 3<sup>rd</sup> December 2024, and to receiving your input. In the meantime, if you would like to discuss any aspects in advance of the meeting we would be happy to do so.

This report contains matters which should properly be considered by Full Council. We expect that the Audit Committee will refer such matters to Full Council together with any recommendations, as it considers appropriate.

We would also like to take this opportunity to thank management and staff of London Borough of Haringey for the co-operation and assistance provided during the audit.

Rachel Brittain, Key Audit Partner

For and on behalf of BDO LLP

24 November 2024

This report has been prepared solely for the use of the Audit Committee and should not be shown to any other person without our express permission in writing. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.



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# Overview

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Reporting	Objectives
Auditing standards	We will perform our audit in accordance with International Standards on Auditing UK (ISAs (UK)) and relevant guidance published by the National Audit Office.
Local Audit Reset and Recovery Implementation Guidance (LARRIGs) and Code of Audit Practice	We will perform our audit in accordance with LARRIGs and the Code of Audit Practice 2024 published by the National Audit Office.
Financial statements	We will express an opinion on London Borough of Haringey's financial statements, prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2020/21 and other directions.
Additional powers and duties	Where necessary we may be required to: issue of a report in the public interest; make a written recommendation to London Borough of Haringey; allow local electors to raise questions and objections on the accounts; or exercise legal powers to apply to the courts for a declaration that an item of account is contrary to law, issue an advisory notice or an application for a judicial review.
Use of resources and Auditor's Annual Report	We will provide a commentary on London Borough of Haringey's arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from London Borough of Haringey.  The Auditor's Annual Report is required to be published by London Borough of Haringey.

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This summary provides an overview of the audit matters that we believe are important to the audit of the financial statements for London Borough of Haringey for the year ended 31 March 2021.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.

### Responsible financial officer (RFO)

The Accounts and Audit Regulations 2015 require the Director of Finance, as RFO, to sign and date the statement of accounts, and confirm that they are satisfied that it presents a true and fair view of:

- the financial position of the authority at the end of the financial year to which it relates; and
- that authority's income and expenditure for that financial year.

Our audit of the financial statements does not relieve the RFO nor those charged with governance of their responsibilities for the preparation of the statement of accounts.

### Overview

Our audit work is complete or substantially complete and subject to the successful resolution of outstanding matters we anticipate issuing our audit opinion on the London Borough of Haringey's financial statements for the year ended 31 March 2021.

Outstanding matters are listed on page 38.

No restrictions were placed on our work by management.

### Circumstances that affect the form and content of the auditor's report

There has been a deterioration in the timeliness of local audit in recent years leading to a persistent and significant backlog of audit opinions. Across England, the backlog of outstanding audit opinions stood at 771 at 31 December 2023 and is estimated to increase to around 1,000 later this year. In February 2024, the Department for Levelling Up, Housing and Communities published 'Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit'. This joint statement confirmed that:

*"The issues facing local audit are widely recognised as multi-faceted and complex with no single cause or solution".*

The factors contributing to the delay in issuing an audit opinion on the financial statements of London Borough of Haringey for the year ended 31 March 2021 include, but are not limited to:

- increased regulator expectations on auditors
- difficulties in attracting, developing and retaining staff to perform local audit work
- the impact of the Covid-19 pandemic

Over the last year, organisations involved in the regulation and oversight of local body financial reporting and audit have been working collectively to agree a proposed solution to clear the outstanding historical audit opinions and ensure that delays do not return.

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To clear the backlog of historical accounts and 'reset' the system, the Accounts and Audit (Amendment) Regulations 2024 require local bodies to publish audited financial statements for all outstanding years up to and including 2022/23 by 13 December 2024 ('the backstop date'). In addition, the National Audit Office has made changes to the Code of Audit Practice to require local auditors to comply with backstop dates by giving their opinions in time for audited accounts to be published.

The backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Consequently, this prevents us from meeting the overall objectives of an audit as set out in ISA (UK) 200 '*Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*'. Therefore, the backstop date has created circumstances which require us to consider modifying our opinion on London Borough of Haringey's financial statements.

#### Significant difficulties encountered during the audit

ISAs (UK) require us to report to you any significant difficulties we have encountered during the audit. As previously outlined, the backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Therefore, the backstop date represents a significant difficulty that we have encountered during the audit.

#### Audit Report

The Accounts and Audit (Amendment) Regulations 2024 require London Borough of Haringey to publish audited financial statements for the year ended 31 March 2021 by 13 December 2024. We have not able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by this date. As a result, we are unable to conclude that London Borough of Haringey's financial statements for the year ended 31 March 2021 as a whole are free from material misstatement. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Therefore, we anticipate issuing a disclaimer of opinion on the financial statement.

#### Objections

We are in the process of determining two objections for 31 March 2023 financial year which we are aiming to determine before 13<sup>th</sup> December 2024, however if there are any legal consideration relating to these objections it may impact on our ability to issue to audit opinion by the backstop date.

#### Use of resources

We have identified significant weaknesses with regards to maintaining and strengthening the financial viability across the MTF5 period.

Our audit certificate will be issued when we have completed our work on determining the objections.

#### Independence

We confirm that the firm and its partners and staff involved in the audit are independent of London Borough of Haringey in accordance with the Financial Reporting Council's (FRC's) Ethical Standard.

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This summary provides an overview of the audit scope and materiality for the year ended 31 March 2021.

### Audit scope

The scope of the audit is determined by the National Audit Office's Code of Audit Practice that sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. This includes: auditing the financial statements; reviewing the arrangements to secure value for money through the economic, efficient and effective use of its resources; and, where appropriate, exercising the auditor's wider reporting powers and duties. Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws, appropriate standards and guidance issued by the National Audit Office.

### Materiality

Materiality for the Group has been set at 1.5% of gross expenditure for the period (prior year 1.5%) and is outlined in the adjacent chart. For reporting purposes, we consider misstatements of less than £16.4 million (2021: £14.8 million) to be trivial unless the misstatement is indicative of fraud.

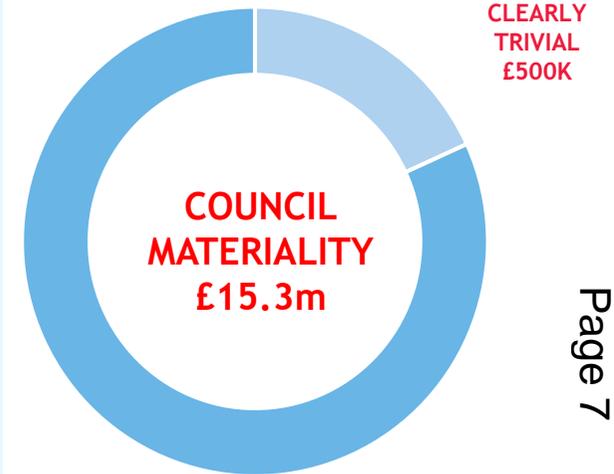
### Council's responsibilities

The Section 151 Officer, Director of Finance, is responsible for the preparation of the Statement of Accounts and for being satisfied that these show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2020/21, applicable accounting standards or other direction under the circumstances. Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of the financial statements.

### Material misstatements

Our audit identified the following material misstatements:

- Infrastructure Assets: the Council has not complied with the CIPFA Bulletin 12 or the statutory override in the 2020/21, therefore Infrastructure Assets were not disclosed in accordance with the Code. The Council has applied this to the 2022/23 financial statements, this could have a material impact on the 2020/21 financial statements if it had been applied.



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### Material misstatements (continued)

- Car Park Debtor: We noted that the Civica system is no longer in use, however the Council did not generate a report on an account-by-account basis therefore the car parking debtor at year end. To address this the Council engaged with Civica to attempt to directly obtain the data but determined that the car parking debtor was not transferred over to the new income system. The Council has assessed that the car parking debtor will not be recovered at 31/03/21 but have decided to not amend the accounts to remove the debtor of £30.8m and Bad debt provision (BDP) of £29.3m in full. This resulted in a material uncertainty on parking Debtor balance where the parking debtor balance is £30.8m.

Management have not amended the financial statements for these issues therefore, they will be referenced in our disclaimer opinion.

### Unadjusted audit differences

We did not identify any audit differences that have not been adjusted for.

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As Group auditor we are required to design an audit strategy to ensure we have obtained the required audit assurance for each component for the purposes of our Group audit opinion ISA (UK) 600. A high-level overview of how we have designed the Group audit strategy is summarised below to ensure you have clear oversight of the scope of the work we intend to perform on each entity.

Audit Risks, covered later in this report, are cross referenced to each entity to provide clarity over how these arise within your business and where the focus of the audit work will be.

The clearly trivial threshold for the Group has been set at the Group level at £16.4 million. The clearly trivial threshold for the components is as set out in the table below.

Entity	Nature of operations	Audit classification	Reason for classification	Audit risks	Component materiality	Component clearly trivial threshold	Overall audit strategy	Work performed and results
London Borough of Haringey	Local authority	Significant component	Size and risk	Risks 1-8	£15.3 million gross expenditure	£0.5 million	Statutory audit performed by BDO	See below
Homes for Haringey Ltd	Manages Haringey Council houses	Non-significant component	Size	Risk 5	£4.65 million gross expenditure		BDO Group Engagement Team analytical procedures and testing of pension liability assumptions Statutory audit performed by PricewaterhouseCoopers LLP	See below
Alexandra Park and palace Charitable Trust Ltd	Manages the park and palace	Non-significant component	Size	Risk 4	£4.65 million gross expenditure		BDO Group Engagement Team analytical procedures and testing the valuation of Alexandra Palace Statutory audit performed by Hays Macintyre	See below

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Entity	Nature of operations	Audit classification	Reason for classification	Audit risks	Component materiality	Component clearly trivial threshold	Overall audit strategy	Work performed and results
Alexandra House Wood Green Ltd	Manages the Alexandra House	Non-significant component	Size	Risk 4	£0		BDO Group Engagement Team analytical procedures and testing the valuation of Alexandra House.	See below

## Work performed and results

We are required to provide you with an overview of the:

- type of work to be performed on the financial information of the components
- nature of our planned involvement in the work to be performed by the component auditors on the financial information of significant components.

The backstop date has created time constraints that have impeded us from:

- determining the type of work to be performed on the financial information of the components planning our involvement in the work to be performed by the component auditors on the financial information of significant components

- completing all necessary procedures in response to the audit risks identified, which means that we were unable to obtain sufficient, appropriate audit evidence in respect of these risks.

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We assessed the following matters as being the most significant risks of material misstatement in the financial statements, or those where we consider there to be an elevated risk of material misstatement. These include those risks which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit and the directing of the efforts of the engagement team.

The backstop date has created time constraints that have impeded us from completing all necessary risk assessment procedures. Therefore, we have not been able to meet the objective of ISA (UK) 315 *Identifying and Assessing the Risks of Material Misstatement*, which is to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement. Had we met the objective of ISA (UK) 315, we may have identified additional risks to those listed below.

#	Audit Risk	Significant or Elevated Risk	Fraud risk present	Significant management estimates & judgements	Specific Letter of Representation Point
1	Management override of controls	Significant	Yes	Yes	Yes
2	Revenue recognition	Significant	Yes	Yes	No
3	Expenditure cut-off	Significant	Yes	Yes	No
4	Valuation of non-current assets	Significant	No	Yes	Yes, Letter of representation on assumptions used in the valuation. Non-compliance with the accounting treatment of Infrastructure Assets
5	Valuation of net pension asset/liability	Significant	No	Yes	Yes, Letter of representation on assumptions used in the valuation.
6	Reconciliation of bank accounts	Significant	No	No	No
7	Allowance for non-collection of receivables	Significant	Yes	No	No
8	Related party transactions	Normal	No	No	No
9	Infrastructure Asset accounting (NEW)	Significant	Yes	No	Yes, Non-compliance with the accounting treatment of Infrastructure Assets

# Risk 1

## Management override of controls

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	C	E	A	V	P	2020/21	2019/20
Management override	✓	✓	✓	✓	✓	All transactions and balances	All transactions and balances

**Risk description**

▶ Management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk

**Work performed and results**

▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.

Key to audit assertions:

- C - Completeness
- A - Accuracy
- P - Presentation
- E - Existence
- V - Valuation

● Significant risk
Elevated risk
Moderate risk
● Fraud risk
● Significant management estimates & judgements



# Risk 2

## Fraud in revenue recognition

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	C	E	A	V	P	2020/21	2019/20
Revenue recognition		✓	✓			£1.025 billion	£1.044 billion

**Risk description**

- ▶ Auditing standards note that there is a presumed significant risk resulting from the intentional misstatement of revenue
- ▶ The amounts reported in relation to revenue represent information of significant interest to many users of the financial statements. This puts revenue at a greater risk of manipulation, bias and misstatement.
- ▶ For London Borough of Haringey, we consider the risk of fraudulent revenue recognition (primarily through manipulation of financial reporting) to be in respect of the existence and accuracy of revenue grants subject to specific performance conditions.

**Work performed and results**

- ▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this

risk.

- Car Park Debtor: We noted that the Civica system is no longer in use, however the Council did not generate a report on an account-by-account basis therefore, the car parking debtor at year end. therefore, address this the Council engaged with Civica to attempt to directly obtain the data but determined that the car parking debtor was not transferred over to the new income system. The Council has assessed that the car parking debtor will not be recovered at 31/03/21 but have decided to not amend the accounts to remove the debtor and Bad debt provision (BDP) in full.
- This resulted in a material uncertainty on parking Debtor balance where the parking debtor balance is £30.8m.

**Key to audit assertions**

C - Completeness	A - Accuracy	P - Presentation
E - Existence	V - Valuation	

● Significant risk
Elevated risk
Moderate risk
● Fraud risk
● Significant management estimates & judgements





# Risk 4

## Valuation of net pension asset/liability

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	C	E	A	V	P	2020/21	2019/20
Net pension liability/asset (before application of asset ceiling)				✓		£684 million	£493 million

### Risk description

- ▶ There are risks around both the gross pension asset and the gross pension obligation, which together determine the net defined benefit pension asset/liability recognised in London Borough of Haringey's balance sheet.
  - ▶ The gross pension asset comprises a variety of investments, including those which we consider to be 'harder to value' because there are no observable inputs (such as an active market for the investment). This increases the estimation uncertainty associated with the value of these investments, which include property, private equity and other managed funds.
  - ▶ The valuation of the pension liability is a complex calculation involving significant judgements and assumptions. The actuarial estimate of the pension fund liability uses information on current, deferred and retired members and applies actuarial assumptions over pension increases, salary increases, mortality, commutation take up and discount rates to calculate the net present value of the liability.
- ▶ There is a risk that the membership data and cash flows provided to the actuary at year end may not be accurate, and that the actuary uses inappropriate assumptions to value the liability. Relatively small adjustments to assumptions used can have a material impact on the London Borough of Haringey's share of the scheme net/asset liability.

### Work performed and results

- ▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.

### Key to audit assertions

C - Completeness	A - Accuracy	P - Presentation
E - Existence	V - Valuation	

● Significant risk
Elevated risk
Moderate risk
Fraud risk
● Significant management estimates & judgements





# Risk 6

## Allowance for non-collection of receivables

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	C	E	A	V	P	2020/21	2019/20
<b>Allowance for non-collection of receivables</b>				✓		£ 123.4 million	£102.2 billion

**Risk description**

- ▶ The Council recognises an allowance for the non-collection of receivables (arrears and debt), primarily in respect of council tax, NDR, housing benefit overpayments, housing rents and parking charges. The Council assesses each type of receivable separately in determining how much to allow for non-collection. Due to the impact of the coronavirus pandemic there is a risk over the valuation of this allowance if incorrect assumptions or source data are used, or an inappropriate methodology is applied.

**Work performed and results**

- ▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.
- ▶ As noted above there is an issue regarding the recoverability of the car parking debtor of £30.3m, where the Provision for impairment of parking debtors is £29.3m and the Council has assessed that the car parking debtor will not be recovered at 31/03/21. The Council has, however, decided to not amend the accounts to remove the Debtor and Bad debt provision (BDP) in full. This has therefore resulted in a material uncertainty in relation to the Provision for doubtful debtors in relation to car parking debtors.

Key to audit assertions

C - Completeness  
E - Existence

A - Accuracy  
V - Valuation

P - Presentation

● Significant risk
Elevated risk
Moderate risk
Fraud risk
● Significant management estimates & judgements



# Risk 7

## Reconciliation of Bank Accounts

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	C	E	A	V	P	2020/21	2019/20
Reconciliation of bank accounts				✓		£30.8 million	£29.12 million

**Risk description**

- ▶ In the previous years we identified that there were very large and old unreconciled items on the bank general ledger. Our audit work in 2019/20 has identified that there are continues to be old unreconciled items on the bank general ledger, with the oldest item dated back to 2013. However, when compared to the previous years, we can see there was a significant decline of the number and value of large and old items, with unmatched amount of £66,212 in 2019/20 which has decreased from 2018/19 unmatched amount of £736,541.
- ▶ A complete bank reconciliation is a key internal control in order to confirm the accuracy of the cash balance on the balance sheet and the reconciling items should relate to short-term timing differences. There is therefore a significant risk that the cash balance could be materially misstated if reconciling items are not appropriate timing differences.

**Work performed and results**

- ▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.

Key to audit assertions

- |                  |               |                  |
|------------------|---------------|------------------|
| C - Completeness | A - Accuracy  | P - Presentation |
| E - Existence    | V - Valuation |                  |

●	Significant risk
	Elevated risk
	Moderate risk
	Fraud risk
●	Significant management estimates & judgements





# Risk 9

## Infrastructure asset accounting (new risk)

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	C	E	A	V	P	2020/21	2019/20
Infrastructure				✓		£184 million	£176 million

### Risk description

Historically it has been generally accepted public sector practice for highways authorities to not write out the value of replaced highways infrastructure components and/or those components which are fully depreciated from the balance sheet. This practice has recently been highlighted as contrary to the Code requirement that the carrying amount of replaced components be written out of the Balance Sheet. There are a number of reasons for the practice being adopted including; asset registers not recording infrastructure assets with sufficient level of detail to identify individual infrastructure assets or changes to them; processes which drive infrastructure spend (e.g. condition surveys) do not record historical information relating to previous spend.

Over time, this is likely to have resulted in a material overstatement of gross book value and accumulated depreciation and net book value may be materially overstated if infrastructure is being replaced more frequently than useful economic lives suggest.

CIPFA issued Bulletins to assist practitioners with the application of the requirements of the Code of Practice on Local Authority Accounting in the

United Kingdom (the Code), the Service Reporting Code of Practice (SeRCOP) and the Prudential Code, and to provide advice on emerging or urgent accounting issues.

They provided temporary solutions to account for infrastructure assets. Statutory provisions have been issued which allowed local authorities to follow an accounting treatment which supports the assumption that derecognition of the carrying amount is zero though they also allow authorities to follow paragraph 4.1.2.51. This enabled all authorities to proceed to close their financial statements and is anticipated to mean that local authorities' net book value is materially accurate in accordance with the provisions of the Code and where necessary supported by the statutory provisions.

### Work performed and results

- ▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.

●	Significant risk
	Elevated risk
	Moderate risk
●	Fraud risk
	Significant management estimates & judgements







# Matters requiring additional consideration

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## Laws and regulations, including fraud

LARRIG 04 '*Auditor reporting requirements under ISA(UK) 250A (Consideration of Laws and Regulations in an Audit of Financial Statements) and reporting in the public interest*' confirms that irrespective of backstop arrangements, if as part of the audit, the auditor identifies actual or suspected non-compliance with laws and regulations, the auditor is required by the ISAs (UK) to investigate and report on these matters.

Our ability to identify non-compliance with laws and regulation that may have a material effect on the financial statements is based on procedures performed during the course of the audit, which have been curtailed as a consequence of backstop arrangements. Therefore, the backstop date has created time constraints that have impeded us from performing procedures which may identify such non-compliance.

We have not identify any non-compliance with laws and regulations that could have a material impact on the financial statements, however we are still determining an objection to the 2022/23 financial statements.

## Significant matters in connection with related parties

We are required to report to you significant matters arising during the audit in connection with London Borough of Haringey's related parties. The backstop date has created time constraints that have impeded us from performing procedures which may identify such matters.

We did not identify any significant matters in connection with London Borough of Haringey Council's related parties

## Financial reporting

We are required to communicate to you our views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The backstop date has created time constraints that have impeded us from considering significant qualitative aspects of London Borough of Haringey's accounting practices. We therefore have no views to communicate to you in this regard.

## Significant deficiencies in internal control

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. The backstop date has created time constraints that have impeded us from performing procedures which may identify such deficiencies. In any event, as the purpose of the audit is for us to express an opinion on London Borough of Haringey's financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

We identified the following significant deficiencies in internal control on page 26.

# Special reporting powers and duties

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## Matter

We are required to report if:

- we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit;
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

## Comment

We have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 because the backstop date has created time constraints that have impeded us from completing all necessary procedures in response to this reporting requirement.

We have nothing to report in respect of the other matters.



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## Requirements of the 2024 Code of Audit Practice and Auditor Guidance Note 3 (AGN 03) Auditors' Work on Value for Money (VFM) Arrangements

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money arrangements) and report to you any identified significant weaknesses.

Following the Code of Audit Practice 2024 coming into force on 14 November 2024 this is based on the following two reporting criteria for incomplete audits for 2020/21, 2021/22 and 2022/23:

- ▶ **Financial sustainability** - How London Borough of Haringey Council plans and manages its resources to ensure it can continue to deliver its services, and
- ▶ **Governance** - How London Borough of Haringey Council ensures that it makes informed decisions and properly manages its risks.

The key output from our audit work in respect of VFM arrangements is a commentary as reported in the Auditor's Annual Report, not a VFM arrangements 'conclusion' or 'opinion'. The Code of Audit Practice 2024 enables auditors to issue a combined commentary as part of a single auditor's annual report for incomplete audits up to and including 2022/23.

Where we are aware of significant weaknesses at the time of issuing our audit report on the financial statements, the nature of the significant weakness and the associated recommendation are required to be referred to by exception in our report on the financial statements.

## Risk of significant weakness

We are required to report the results of our risk assessment to those charged with governance, including additional work planned in respect of any identified risks of significant weakness, and to keep our risk assessment under continual review, with any changes again communicated to those charged with governance.

We assessed the following matters as being the most significant risks regarding use of resources:

- ▶ The Council will need to deliver its savings and achieve income targets to maintain financial sustainability in the medium term and there is a risk that these projections will not be met.

The results of our work on significant weaknesses is set out on the following page/s.

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## Risk description

There is a significant risk that any shortfall in the delivery of savings, non-realisation of assumed government funding and failure to reduce the current funding gaps will have a negative impact on future projected targets in the MTFS Work performed.

We carried out the following planned procedures:

- ▶ Reviewed the assumptions used in the Medium-Term Financial Strategy and assess the reasonableness of the cost pressures and the amount of Government funding applied;
- ▶ Monitored the delivery of the budgeted savings in 2020/21 and the plans to reduce services costs and increase income from 2021/22; and
- ▶ Reviewed the strategies to close the budget gap in the coming years.

## Results

As reported further in our VFM Commentary in the Annual Auditors Report, the Council has a sound track record of setting and delivering balanced budgets and set a balanced budget for 2020/21 with a planned use of reserves of £5.4m to balance the 2021/22 budget. However, in 2022/23 the Council delivered services for the year with a reported overspend at service level of £16m but a total underspend of £0.05 million, with an unplanned use of reserves for the shortfall.

Particular areas of risk to which the Council is exposed include national issues such as inflation and reduced levels of funding, alongside those areas where containing spend is challenging due to the pressures being experienced, as well as the continued impact of the Covid-19 pandemic. Areas

such as adult social care, children's social care and temporary accommodation, in particular, are areas of spending pressure due to increased demand and costs. The Council has since struggled to achieve its savings targets and predicts increasingly significant levels of savings required to balance its budget in the short to medium term. It is also making unplanned use of reserves in order to meet the budget gaps, which is not a sustainable strategy given the current and predicted budget pressures.

The Council has prepared a detailed challenge to the growth assumptions in the existing MTFS which was undertaken alongside a review of the base budget pressures highlighted as part of the in-year budget monitoring. The impact on the revised forecast gap for 2021/22 and onwards is significant. We do, however, note that the council is aware of the significant financial challenges it faces by the Council's and understands the importance of continued focus on the actions that are being taken to address these.

## Discussion and conclusion

There is therefore a risk that any shortfall in the delivery of savings, non-realisation of assumed government funding and failure to reduce the current funding gaps will have a negative impact on Council in the medium to long-term. In future years the usable reserves continue to be reduced in order to balance the Council's budget.

While we have concluded this does not constitute a significant weakness in arrangements from 2020/21 - 2022/23, the Council needs to ensue that robust assessment and monitoring is in place to address this in future years.



# Control Deficiencies

We also bring to your attention deficiencies in relation to IT general controls noted during the audit planning.

	Area	Observation & implication	Recommendation	Management response
Table of Contents Introduction Audit scope and objectives Executive Summary - Overview - The numbers Audit scope entities and components Overview of risks - Risk 1 - Risk 2 - Risk 3 - Risk 4 - Risk 5 - Risk 6 - Risk 7 - Risk 8 - Risk 9 Matters requiring additional consideration Special reporting powers and duties Use of resources - VFM risk 1 <b>Control deficiencies</b> Audit report overview Independence and fees Partner rotation Appendices content: - Communications with you - Outstanding matters - Management representation letter - FRC ethical standard - FRC for audit committees - Audit quality - Our culture of challenge - Local authority's responsibilities - Our responsibilities	<p>Lack of monitoring of activities of a shared Generic Account with privileged access on iWorld system</p> <p>Inadequate Password policy settings on the systems that enforce strong passwords being set (iWorld, CIPFA, Civica ICON)</p>	<p>It was noted that there was a shared generic Account "RB" user that have been granted highly privileged role "ALL_ACCESS" , and although the logs are enabled on the system, there is no process in place for monitoring the activities of the aforementioned privileged access generic account. Five users have access the above-mentioned generic.</p> <p>The risk of abuse of the shared generic account without accountability and undetected.</p> <p>BDO identified the following system password-setting weaknesses:</p> <ul style="list-style-type: none"> <li>- iWorld: Password settings for privileged user "RB" user were all weak except for minimum password policy length.</li> <li>- CIPFA: All password settings were weak and with some not even set e.g. password complexity, history and maximum age.</li> <li>- Civica ICON: Password complexity policy parameter was weak as it did not include alphanumeric with special characters</li> </ul> <p>There is a risk that user passwords can be guessed or become known over time to other users. As a result, user accounts are at an increased risk of being used by persons other than the legitimate account owner.</p> <p>Crystallisation of this risk may have resulted in a material misstatement or fraud because user accounts may have been used to:</p> <ol style="list-style-type: none"> <li>1) process unauthorised, fraudulent or inaccurate transactions, and</li> <li>2) bypass controls designed or required to segregate duties.</li> </ol>	<p>Management should ensure that formal review of generic accounts with elevated business access is performed on periodic basis to ensure that they are not abused and accountability.</p> <p>Management should consider strengthening the existing password settings to be in line with good practice.</p>	<p>The RB account is the System Admin account created by the supplier. Although any action undertaken by the RB user is recorded in the audit logs this recommendation was about who audits the system administrators. I.e. that a process should be in place across the council where checks are done on actions carried out by system administrators. It is not clear who would be in a position to do this, i.e. have the system knowledge to be able to check and validate the actions undertaken by the system administrators</p> <p>Comment: The Cipfa asset managers flags up and prevents weak passwords from being set. Thus the set passwords would have met a minimum password strength requirement on this system. However, we note your recommendation and now have additional criteria in the settings - see print screen.</p> <p>I-World:            Comment: The RB password is linked a number of automated processes, interfaces and scripts. Changing the password is a significant change project with considerable risks. We can adopt the recommended setting with the exception of the 30 days max age as this would have a detrimental impact on the service.</p>

# Control Deficiencies 2

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Area	Observation & implication	Recommendation	Management response
Absence of user access reviews being performed (Mosaic, CIPFA, OHMS)	<p>During our review, it was noted that user access reviews has not been performed for Mosaic, CIPFA &amp; OHMS in-scope applications and/or evidence thereof retained in order to validate the appropriateness of system level access and user activities.</p> <p>There is a risk that user accounts may not be disabled/removed in a timely manner.</p> <p>This increases the risk that unauthorised access via this open account may occur which may result in incorrect and unapproved changes to key data.</p>	<p>User access reviews are a second line of defence control where the operation of the preventative control surrounding the joiners and leavers process fails. It is therefore recommended that user access reviewed are performed at annually due to the size of the business and number of users and should include:</p> <ul style="list-style-type: none"> <li>&gt; Both administrator and standard user accounts; and</li> <li>&gt; User group and individual customised levels of access reviews to identify any users who do not possess an appropriate level of access;</li> <li>➤ Evidence of user access reviews should be retained to demonstrate effective and continuous operation and control and for future references or audit purposes</li> </ul>	<p>CIPFA Comment: CIPFA users list is normally reviewed at the start of the year. This to ensure that the list is up to date. For example, adding starters &amp; removing leavers.</p> <p>Mosaic Comment: User accounts on Mosaic are reviewed regularly and users who have not logged on to Mosaic for 30 days or more have their account disabled. User Access Review: All service roles are basically fixed e.g. payments officers, social workers, team managers, ( and their profile is set on Mosaic based on the access level set at the initial stage when their manager applies to set them on the system). They are therefore restricted to this access until they change jobs or their manager makes a request to the IT team for a change in their profile. In effect, there is no risk that they can grant themselves higher levels of access without the authorisation from their managers and amendment of their profiles by the IT Team.</p> <p>OHMS Comment: Access review was conducted as part of the user configuration for the implementation of the replacement system (NPS Housing) in 2021/22. We will re-introduced the annual review as part of the ongoing management of the new system</p>

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Area	Observation & implication	Recommendation	Management response
Business users with system Administrator access (iWorld, CIPFA)	<p>iWorld</p> <p>TRA noted that there were 9 business users with access to both highly privileged profiles "ALL_ACCESS &amp; SYSTEM_ADMIN" on the system which grants access to System Tab that can be used to create users, Assign User Action Group, Lock Unlock Users, Change User Password, Create roles and other Admin functions. Furthermore, it was noted that although logs were enabled on the system, no one was monitoring the activities of the business users with privileged access on the system to determine if they are not abusing those accounts which might result fraudulent activities. We identified nine user IDs.</p> <p>CIPFA</p> <p>BDO noted that 4 business users on CIPFA were granted super user role "Administrator" and furthermore their activities were not monitored. We identified four user IDs.</p> <p>There is an inherent segregation of duties risk when an individual has a role in processing / approving / monitoring transactions and administering access rights on the system.</p>	<p>Good practice is to assign the system administrator privileges to an independent individual with no business/transaction processing role. Also, to segregate user access so that no individual can input and approve a transaction on their own throughout a business process.</p> <p>Management should review of these accounts and reduce the number of individuals having admin privileges on the application.</p>	<p>I-World: Comment: The users listed below all had the System_Admin profile as they needed access to the Subsidy tables as part of their role at that time. The access was requested by the service to enable these individuals to work on Subsidy and the access was removed immediately when BDO pointed the issue out.</p> <p>CIPFA Comment: Three users were set to act as back up in [REDACTED] absence. In reality we have not used the system as such there is nothing to monitor. [REDACTED] was given access to assist with year end tasks. We are still required to keep their access active in the event we need them to assist with password reset.</p>

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Area	Observation & implication	Recommendation	Management response
Lack of monitoring of IT Administrator activity (Mosaic, iWorld, CIPFA, OHMS, SAP)	<p>There is no independent monitoring of activity performed by system administrator accounts held by members of the IT team, either at an application or database level. This includes:</p> <ul style="list-style-type: none"> <li>- iWorld (11 IDs)</li> <li>- CIPFA (17 IDs)</li> <li>- Mosaic ("FW Admin" Role) (7 IDs)</li> <li>- OHMS ("SA" ROLE) (8 IDs)</li> <li>- SAP User IDs ("SAP_ALL" Profile) (20 IDs)</li> </ul> <p>There is a risk that unauthorised transaction activity is performed and not detected.</p>	<p>We recommend that management implement audit logging that records activity performed by administrative accounts at application and database level. Administrator activity should be independently monitored, investigated as appropriate and formally signed off by an independent reviewer.</p>	<p>CIPFA replied that All the admin activity is monitored and logged through Jira and is only viewable by a small section of colleagues for monitoring purposes. See pasted.</p> <p>Mosaic Comment: It is not practical to review the Mosaic system admin logs due to the sheer volume of transactions that are carried out every day. However the Mosaic system administrators are all based in IT and need that level of access in order to perform their daily tasks on the system. We run regular reports to check that only the appropriate staff in IT have system administration access to Mosaic.</p> <p>OHMS Comment: All of these users belong to one team (HIT) who are responsible for managing the system. All activities are undertaken as part of teams work to support the business and are managed by Head of IT. Any activities outside this will be recorded and any concerned flagged by the business. We will create a report to manage activity on these accounts for the NPS system as recommended</p> <p>iWorld Comment: Although Audit Logs are enabled, it is not practical to review / monitor all of the activity that is undertaken. System Administrator access is limited to Application level and has now been restricted to the Applications Team based in IT. We already run regular reports to check on access rights and levels and will include Systems Administrator access in this report going forward.</p>

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Area	Observation & implication	Recommendation	Management response
Excessive Users granted Debug Access on SAP system	BDO noted that there were 35 interactive accounts with Debug access on SAP system. Debug access is the highest level of privileges that can be granted on the SAP application and allows a user the ability to perform any task on the application, regardless of whether or not they have the specific roles assigned. No interactive accounts should have this access assigned permanently and when required should only be granted on a time limited basis when entirely necessary. Furthermore, although SM20 logs are on there is no monitoring process for the activities performed by users with administrative accounts.	In order to address the risks identified within the privileged access observations noted, we encouraged management to apply the following: <ol style="list-style-type: none"> <li>1. Debug access should not be assigned to any accounts on a permanent basis. This access should only be used in an emergency when other transactions codes are not able to fix the issues on the system. This access should only be given on a short time limited basis following a formal approval process and all activities performed should be formally reviewed afterwards.</li> <li>2. To ensure that the Debug activities are logged by the SAP application, we recommend that the following activities are performed to turn on the specific audit logging which will record all debug activities performed: <ul style="list-style-type: none"> <li>- Navigate to SM19 and review the filters on the bottom half of the screen. Review to see which filters have 'Filters Active' box checked and at least one of these should have the value '*' in the user field.</li> <li>- For this filter, click the 'detailed display' option. Each of the following fields should be checked: <ul style="list-style-type: none"> <li>. CUM - Jump to ABAP Debugger:&amp;A</li> <li>. CUN - A manually caught process was stopped from within the Debugger(&amp;A)</li> <li>.CUO - Explicit database commit or rollback from debugger &amp;A</li> </ul> </li> </ul> </li> </ol>	Further to discussion with the Auditor the 35 user ID's were in Development client which is not a risk and is necessary for support. There are circa 20 dialog users in Production with SAP_ALL. These are all SR users and have this profile for consultant to make changes in PRD where it's not possible by a transport. To mitigate the risk of any changes without a transport and directly in PRD, LBH SAP team will remove this profile and the have a process in place whereby SR consultant will have to request access by filling in a form. This will be implemented as soon as possible.

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Area	Observation & implication	Recommendation	Management response
Inadequate SAP ERP-Segregation of Duties in Change Process Management	<p>TRA noted that there was user "HCLADMIN" with access to Developers Key in live environment which allows direct changes in the live environment, that might change the functionality and configurations of the system which might result in the unauthorised changes that might lead to unauthorised modified financial data.</p> <p>Furthermore, it was noted that there was a user who could develop and transport changes in the live environment.</p> <p>There is a potential risk that a developer/user will have an end-to-end access to the production environment and the user may deploy unauthorised changes in the live environment. This may impact the integrity of financial information or might lead to system downtime.</p>	Management should ensure that there is proper segregation of access to the different environments.	<p>Again this was discussed and explained that this is a Service User ID and not a user dialogue ID. LBH Systems team will liaise with SR and review this access. The Developer Key was not used at all in PRD.</p> <p>LBH SAP systems team will take on the MLP recommendations and ensure there is proper segregation of access to different environments.</p>
Lack of automated alerts for scheduled jobs in iWord	<p>The process of identifying failed batch jobs/interfaces is manual. By not having an automated process that monitors the batch jobs, there is a risk that failed batch jobs might not be timely detected and remediated in a timely manner.</p> <p>Failed scheduled jobs might not be detected and these might result incomplete or inaccurate data being posted.</p>	Management should consider automating failed scheduled jobs alerts.	The scheduler has been updated to generate an email after each job to confirm the status of the job so there will be an email notification for any failed jobs

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Area	Observation & implication	Recommendation	Management response
Database iWorld (Encryption)	For sensitive data being unencrypted in the system.  This increases the risk of sensitive data being read and hence endangers the confidentiality of the sensitive data in the database.	Ensure encryption is enabled for sensitive data in the system and also sure there is an encryption key manager where only senior members of the team has access to the manager. There may reduce the risk of confidentiality of sensitive data being leaked	There is quite a lot that could be classified as 'sensitive' in the iWorld system. We will engage with the application vendor to see what we can do within the scope of the current available functionality or raise an enhancement request.
Database iWorld (Password History)	There is a lack of password history, therefore the user is allowed to reuse the password as much as he want which increases the risk of unauthorised access to the system.  Risk that user passwords can be guessed or become known over time to other users. Weaker password parameters may result in the use of an account by persons other than the legitimate account owner to process unauthorised, fraudulent or inaccurate transactions.  This could result in a potential risk of material misstatement or fraud as the account may be used to:  1. process unauthorised, fraudulent or inaccurate transactions, and  2. bypass controls designed or required to segregate duties.	Management should consider strengthening the existing password settings to be in line with good practice.	There is existing functionality already built into the application, that does not appear to be used. We will refer to the Application Support Group, so the functionality can be tested. If the test results are not satisfactory, this can be referred to NEC as an enhancement request

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## Opinion on financial statements

We anticipate issuing a disclaimer of opinion on the financial statements, for the reasons detailed in the 'Executive summary' section of this report.

## Use of resources

There is a risk that any shortfall in the delivery of savings, non-realisation of assumed government funding and failure to reduce the current funding gaps will have a negative impact on future projected targets in the MTFS. This is further magnified with the onset of the COVID-19 pandemic.

We recommend the council to place immediate focus on mitigating emerging budget pressures; perform an enhanced assessment on further planned savings and explore wider alternatives to the use of reserves in managing budget gaps identified within the Authority's MTFS.

These actions will help the Authority remain financially sustainable in the short-term.

## Other matters on which we are required to report by exception

We have no matters to report, other than we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, for the reasons detailed in the 'Special reporting powers and duties' section of this report.

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## Independence

We confirm that the firm, and the engagement team including other BDO network firms conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard and the IESBA Code of Ethics and are independent of or London Borough of Haringey Council.

Details of services, other than audit, provided by us to the Group or London Borough of Haringey Council during the period and up to the date of this report are set out in the table below. We have not identified any threats to our independence arising from the provision of these services.

We have not identified any other relationships or threats that may reasonably be thought to bear on our objectivity and independence.

## Fee summary

For audits for which there is a disclaimer opinion, PSAA will determine the extent of the backstop audit fees.

	Fees (£)		Independence safeguards	Impact on independence
	Year ended March 2021	Year ended March 2020		
<b>Audit fees (scale fee)</b>	£158,986	£300,000	None required	N/A
<b>Non-audit services:</b>				
Certification of housing benefits subsidy claim	£46,223	£46,223	None required	N/A
Pooling of housing capital receipts return	£3,500	£3,500	None required	N/A
Teachers' pensions return	£3,500	£3,500	None required	N/A
<b>Total fees</b>	<b>£212,209</b>	<b>£353,223</b>		



# Partner rotation

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These tables indicate the rotation periods normally permitted under Public Sector Audit Appointments' (PSAA) rules on rotation of key staff, as set out in the PSAA Terms of Appointment.

It is PSAA's policy that:

- engagement leads should act for an initial period of five years. PSAA may approve engagement leads for an additional period of up to no more than two years, if it is provided with assurance that there are no considerations such that an objective, reasonable and informed third party would conclude that an auditor's integrity, objectivity or independence was or could be perceived to be compromised together with details of any mitigations
- other than in exceptional circumstances, the audit manager at an audited body should be changed at least once every seven years. PSAA will approve the appointment of an audit manager for an additional period of up to three years, provided that there are no considerations such that an objective, reasonable and informed third party would conclude that an auditor's integrity, objectivity or independence was or could be perceived to be compromised
- it is not expected that an individual should act as an engagement quality control reviewer at an audited body for a period longer than seven years.

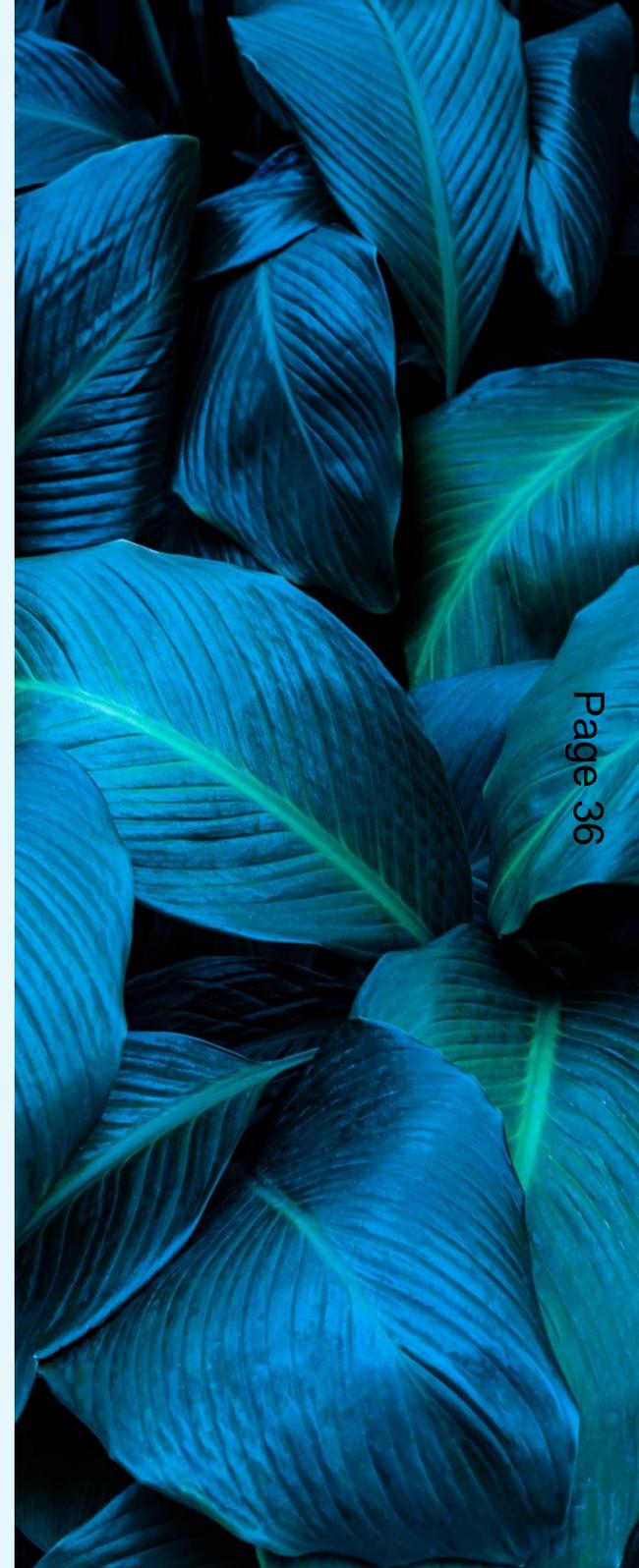
In order to safeguard audit quality, we will employ a policy of gradual rotation covering the team members below as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.

### Independence - engagement team rotation

Senior team members	Number of years involved	Rotation to take place after
Rachel Brittain Engagement Lead	1	5 years
Julie Holloway Senior Manager	1	7 years
Marco Buys Assistant Audit Manager	1	7 years

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## Those Charged with Governance (TCWG)

References in this report to Those Charged With Governance are to London Borough of Haringey Council as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Audit Committee.

## Communication

The National Audit Office has issued Local Audit Reset and Recovery Implementation Guidance (LARRIGs) to support the reset and recovery of local audit in England. LARRIG 02 states that the frequency with which matters are communicated to Those Charged With Governance may be less in the circumstances created by backstop arrangements and that it may therefore be appropriate to include all communications relevant to an audit within a single document. In line with this guidance, we have prepared a combined Audit Planning Report and Audit Completion Report.

## Auditor's Annual Report

We will provide a commentary on London Borough of Haringey's arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from London Borough of Haringey Council. The Auditor's Annual Report is required to be published by London Borough of Haringey Council.

The Code of Audit Practice 2024 confirms that for incomplete audits up to and including 2022-23, the auditor may issue a combined commentary as part of a single Auditor's Annual Report. We have therefore decided to issue a combined commentary as part of a single Auditor's Annual Report for 2020/21 to 202/23.

Communication required	Date (to be) communicated	To whom	Communication method
Audit Planning Report	16 November 2021	Audit Committee	Audit Planning Report
Audit Completion Report	3 December 2024	Audit Committee	Combined Audit Planning Report and Audit Completion Report
Auditor's Annual Report	3 December 2024	Audit Committee	Auditor's Annual Report

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We have substantially completed our audit work in respect of the financial statements for the period ended 31 March 2021.

The following matters are outstanding at the date of this report and could impact our audit opinion. We will update you on their current status at the Audit Committee meeting at which this report is considered:

- ▶ Finalisation of the annual auditors report, including Queries on the investment property
- ▶ Signed statements of account
- ▶ Signed letter of management representation
- ▶ Outstanding objections to the 2022/23 accounts
- ▶ Final review of the audit file closedown processes



# Management representation letter

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BDO LLP  
55 Baker Street  
London  
W1U 7EU

Dear Sirs

### Financial statements of London Borough of Haringey Council for the year ended 31 March 2021

We confirm that the following representations given to you in connection with your audit of the Group and the Council's financial statements for the year ended 31 March 2021 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of the Council and other Group entities.

The Chief Finance Officer has fulfilled their responsibilities for the preparation and presentation of the Group and the Council financial statements as set out in the Accounts and Audit Regulations 2015 and in particular that the financial statements give a true and fair view of the financial position of the Group and the Council as of 31 March 2021 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

We have fulfilled our responsibilities on behalf of the Council, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of the Council's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records of the Council have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of management and other meetings have been made available to you.

### Going concern

We have made an assessment of the Group and the Council's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. As a result of our assessment we consider that the Group and the Council is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. Furthermore, we confirm that the disclosures to the financial statements are sufficient.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on London Borough of Haringey Council's ability to continue as a going concern.

### Laws and regulations

In relation to those laws and regulations which provide the legal framework within which London Borough of Haringey Council's business is conducted, and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which I am aware and all actual or contingent consequences arising from such instances of non-compliance.

### Post balance sheet events

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.



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## Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have made the results available to you.

We have disclosed to you all instances of fraud or suspected fraud that we have knowledge of, involving management, employees or others where the fraud could have a material effect on the financial statements .

We have disclosed to you all allegations of fraud or suspected fraud that have been communicated by employees, former employees, analysts, regulators or any other party where the fraud could have a material effect on the financial statements

## Misstatements

You have not advised us of any unadjusted misstatements in the financial statements or other information in the Statement of Accounts.

## Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

Other than as disclosed in note 37 to the financial statements, there were no loans, transactions or arrangements between any Group entity and Council members or their connected persons at any time in the year which were required to be disclosed.

The disclosures in the financial statements concerning the controlling party of the Council are accurate.

## Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the financial statements.

## Accounting estimates

We confirm the following significant assumptions made in relation to accounting estimates (including fair value measurements) used in the preparation of the financial statements

### a) Pension fund assumptions

We confirm that the actuarial assumptions underlying the valuation of the Local Government Pension Scheme (LGPS) liabilities, as applied by the scheme actuary, are reasonable and consistent with our knowledge of the business.



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## b) Valuation of housing, other land and buildings and investment properties

We are satisfied that the useful economic lives of the housing stock and other land and buildings, and their constituent components, used in the valuation of the housing stock and other land and buildings, and the calculation of the depreciation charge for the year, are reasonable.

We confirm that the valuations applied to council dwellings and other land and buildings revalued in the year, as provided by the valuer and accounted for in the financial statements, are reasonable and consistent with our knowledge of the business and current market prices. The rebuild costs applied for depreciated replacement cost valuations are appropriate and reflect our best estimate of replacing the service potential of the buildings.

The rebuild cost assumptions have been agreed to data provided by RICS for Building Cost Indices including Weighted Overall Cost Rate, Location, Location Factor, professional fees percentages and overall obsolescence factors applied.

## Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the requirements of accounting standards.

## Compliance with Accounts and Audit Regulations 2015

We confirm that we have complied with the requirements of sections 25 and 26 of the Local Audit and Accountability Act 2014 and sections 14 and 15 of the Accounts and Audit Regulations 2015 in respect of the public inspection of accounts.

## Confirmation

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each member has taken all the steps that they ought to have taken as a member of London Borough of Haringey Council in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Taryn Eaves  
Chief Finance Officer

[date]

Councillor Erdal Dogan  
Chair of the Audit Committee  
[date]

# FRC Ethical Standard

Issued in December 2019

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It is now around four years since the FRC's Revised Ethical Standard 2019 ('ES') came into force. It aimed to further strengthen auditor independence and enhance confidence in the profession and was, in many ways, a precursor to the Corporate Governance and Audit Reform debate

that is still ongoing. Although the ES is now well-established it is worth taking time to reconsider some of its most important changes and ensure your internal policies and procedures are effective.

Key headlines	Impact
<b>The objective, reasonable &amp; informed third party test</b>	Reinforcement that ethical principles take priority over rules. A need to take care where particular facts and circumstances are either not addressed directly by the rules or might appear to 'work around' the rules or result in an outcome that is inconsistent with the general principles and the public interest.
<b>Contingent fees</b>	Non-audit services with contingent or success-based fee arrangements will be prohibited for audited entities.
<b>Secondments</b>	All secondments/loan staff to audited entities are prohibited with the exception of secondments to public sector entities.
<b>Recruitment and remuneration services</b>	Prohibition on providing remuneration services to audited entities such as advising on the quantum of the remuneration package or the measurement criteria for calculation of the package. In addition, the prohibition on providing recruitment services to an audited entity that would involve the firm taking responsibility for, or advising on the appointment of, any director or employee of the entity.

# FRC Practice Aid for Audit Committees

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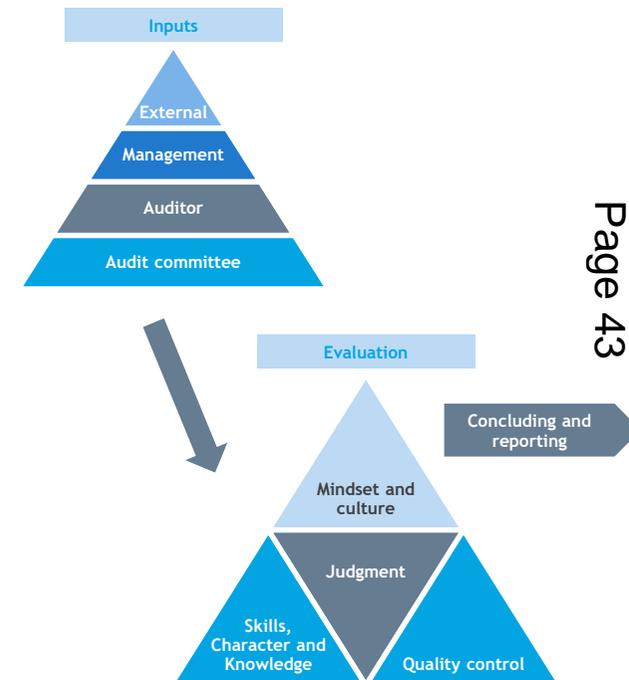
The Financial Reporting Council (FRC) issued an updated practice aid for audit committees in December 2019 and a full copy can be found on the [FRC website](#). In their practice aid the FRC note: 'The directors of a Company (the Board as a whole) are responsible for ensuring its financial statements are prepared in accordance with the applicable financial reporting framework and for overseeing the Company's internal control framework. A high-quality audit provides investors and other stakeholders with a high level of assurance that the financial statements of an entity give a true and fair view and provide a reliable and trustworthy basis for taking decisions.'

The practice aid then discusses how the role of audit committees in serving the interests of investors and other stakeholders is through their independent oversight of the annual corporate reporting process including the audit. The FRC highlight that the responsibility for appointing the external auditor, approving their remuneration and any non-audit services work, ensuring their independence and challenging them over the quality of their work falls to the audit committee and can play a key role in facilitating a high-quality audit (see note across).

It gives guidance for Audit Committees in the following areas:

- ▶ Audit tenders and the tender process including audit fee negotiations and auditor independence
- ▶ A model for use by audit committees in making an overall assessment of an external auditor including inputs, evaluations and concluding
- ▶ Transparency - reporting to the Board on how the audit committee has discharged these responsibilities
- ▶ Some guidance on key areas of audit judgement

The provision of high-quality audits are a key focus of FRC and the new Executive Director of Supervision, David Rule, sent a letter to all audit firms in November 2019 explaining the factors he would expect to see in place in order to facilitate the delivery of high-quality audits. A copy of the letter can be found on the [FRC website](#)



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## BDO is totally committed to audit quality

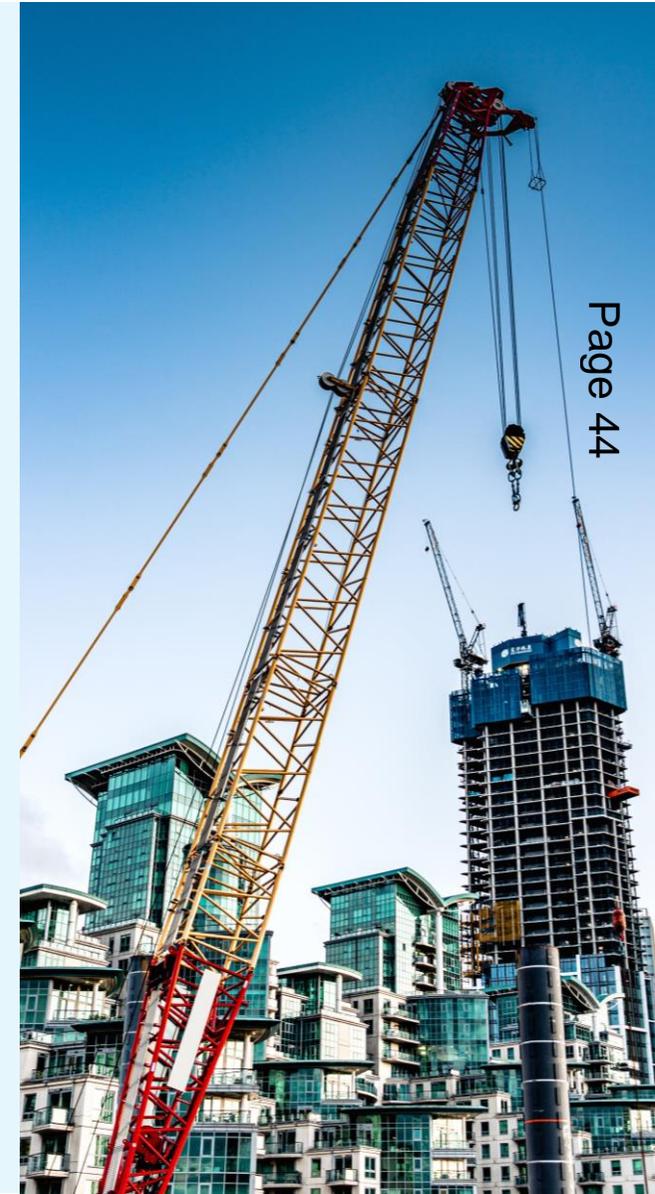
It is a standing item on the agenda of BDO's Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream's objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections.

BDO welcomes feedback from external bodies and is committed to implementing necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Council's Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US companies), the firm undertakes a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years.

We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our Transparency Report at [www.bdo.co.uk](http://www.bdo.co.uk)



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***“The Right people, supported to do the Right Work, in the Right place at the Right time. In short doing the Right thing. Always.”***

A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. While the ICAEW Code of Ethics provides guidance on how a professional accountant fulfils their duty, the focus of our firm, and auditors individually is to discharge our obligation to serve the public interest by consistently performing quality audit engagements.

Our work as auditors is fundamental to the success of the business world, enabling decisions based on transparent financial reporting that is trusted. The purpose of an audit is to help establish and maintain deserved confidence in a company, in its directors and in the information which they have responsibility to report, including the financial statements.

Quality is represented in our strategic framework in two important and distinct ways:

- The first is that we are committed to serving the public interest by consistently performing quality engagements - this is particularly important for two reasons: firstly, that it is the right thing to do and secondly, that it's required of by the international standards on quality management.
- The second commitment is to high quality, independence and ethics, which is broader than just our performance on individual audit and non-audit engagements and recognises the importance of high quality in everything we do.

Our Audit Specific Behaviours provide guidance and set consistent expectations for our auditor teams to ensure our day-to-day interactions and decision making come together to create High Performing Teams, that do the right thing. Always.

Read our latest Transparency Report on the BDO website.



# London Borough of Haringey's local authority's responsibilities

## London Borough of Haringey's local authority's Responsibilities and Reporting

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### Financial reporting

is expected to have effective governance arrangements to deliver its objectives. To this end, the publication of the financial statements is an essential means by which London Borough of Haringey Council accounts for its stewardship and use of the public money at its disposal.

The form and content of London Borough of Haringey Council's financial statements, and any additional schedules or returns for consolidation purposes, should reflect the requirements of the relevant accounting and reporting framework in place and any applicable accounting standards or other direction under the circumstances.

The Section 151 Officer is responsible for preparing and filing a Statement of Accounts and financial statements which show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2021/22, applicable accounting standards or other direction under the circumstances.

Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of materially accurate financial statements.

### Use of resources

Local authorities are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at their disposal.

As part of the material published with its financial statements, London Borough of Haringey Council is required to bring together commentary on its governance framework and how this has operated during the period in a Governance Statement.

In preparing its Governance Statement, London Borough of Haringey Council will tailor the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on their arrangements for securing value for money from their use of resources.



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## Our responsibilities and reporting

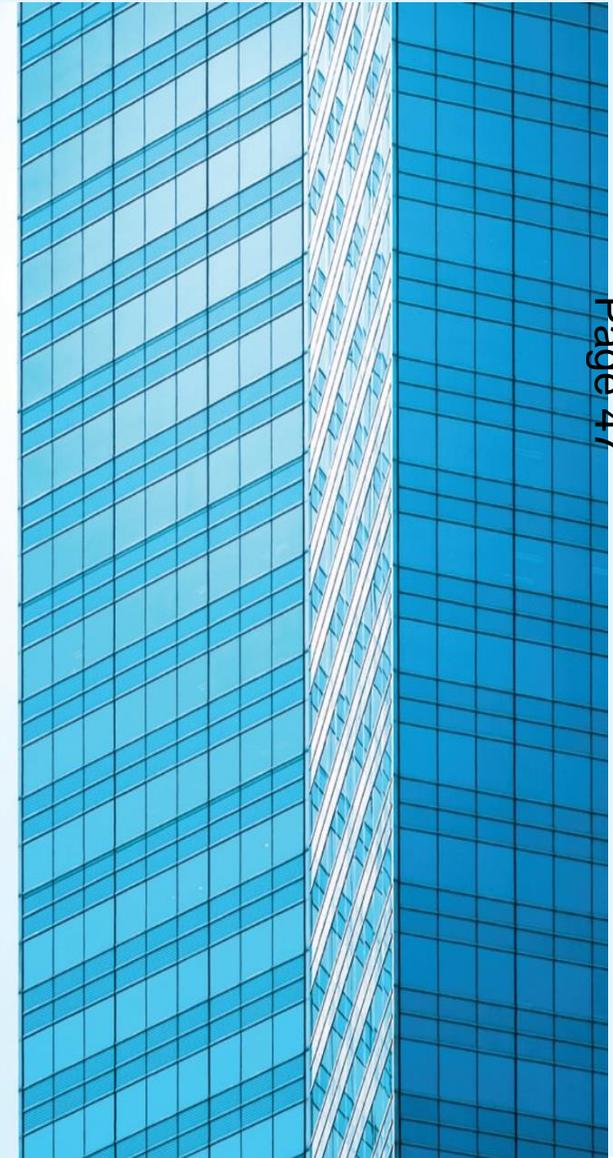
We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements.

We report our opinion on the financial statements to the members of London Borough of Haringey Council.

We are required to satisfy ourselves that London Borough of Haringey Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This means that we have regard to relevant guidance issued by the National Audit Office and undertake sufficient work to be able to satisfy ourselves as to whether London Borough of Haringey Council has put arrangements in place that support the achievement of value for money and to provide an annual commentary on arrangements in the Auditor's Annual Report.

### What we don't report

Our audit is not designed to identify all matters that may be relevant to London Borough of Haringey Council and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist





For more information:

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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 London Borough of Haringey Council and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

BDO is an award-winning UK member firm of BDO International, the world's fifth largest accountancy network, with more than 1,500 offices in over 160 countries.

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# London Borough of Haringey

Combined Audit Planning Report and Audit Completion Report: Year ended 31 March 2022

Report to the Audit Committee

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This is our combined Audit Planning Report and Audit Completion Report to the Audit Committee of London Borough of Haringey. The National Audit Office has issued Local Audit Reset and Recovery Implementation Guidance (LARRIGs) to support the reset and recovery of local audit in England. LARRIG 02 states that the frequency with which matters are communicated to Those Charged With Governance may be less in the circumstances created by backstop arrangements and that it may therefore be appropriate to include all communications relevant to an audit within a single document. In line with this guidance, we have prepared a combined Audit Planning Report and Audit Completion Report.

This combined report is an integral part of our communication strategy with you. It summarises the overall audit strategy for the year ended 31 March 2022 in respect of our audit of the financial statements and use of resources; comprising materiality and key audit risks. It also summarises the results of our audit of London Borough of Haringey for the year ended 31 March 2022, including areas requiring further discussion and/or the attention of the Audit Committee. We look forward to discussing these matters with you at the Audit Committee meeting on 3 December 2024, and to receiving your input. In the meantime, if you would like to discuss any aspects in advance of the meeting we would be happy to do so.

This report contains matters which should properly be considered by Full Council. We expect that the Audit Committee will refer such matters to Full Council together with any recommendations, as it considers appropriate.

We would also like to take this opportunity to thank management and staff of London Borough of Haringey for the co-operation and assistance provided during the audit.

Rachel Brittain, Key Audit Partner  
For and on behalf of BDO LLP

25 November 2024

This report has been prepared solely for the use of the Audit Committee and should not be shown to any other person without our express permission in writing. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.



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Reporting	Objectives
<b>Auditing standards</b>	We will perform our audit in accordance with International Standards on Auditing UK (ISAs (UK)) and relevant guidance published by the National Audit Office.
<b>Local Audit Reset and Recovery Implementation Guidance (LARRIGs) and Code of Audit Practice</b>	We will perform our audit in accordance with LARRIGs and the Code of Audit Practice 2024 published by the National Audit Office.
<b>Financial statements</b>	We will express an opinion on London Borough of Haringey's financial statements, prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2021/22 and other directions.
<b>Additional powers and duties</b>	Where necessary we may be required to: issue of a report in the public interest; make a written recommendation to London Borough of Haringey; allow local electors to raise questions and objections on the accounts; or exercise legal powers to apply to the courts for a declaration that an item of account is contrary to law, issue an advisory notice or an application for a judicial review.
<b>Use of resources and Auditor's Annual Report</b>	We will provide a commentary on London Borough of Haringey's arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from London Borough of Haringey.  The Auditor's Annual Report is required to be published by London Borough of Haringey.

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This summary provides an overview of the audit matters that we believe are important to the audit of the financial statements for London Borough of Haringey for the year ended 31 March 2022.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.

#### Responsible financial officer (RFO)

The Accounts and Audit Regulations 2015 require Minesh Jani, as RFO, to sign and date the statement of accounts, and confirm that they are satisfied that it presents a true and fair view of:

- the financial position of the authority at the end of the financial year to which it relates; and
- that authority's income and expenditure for that financial year.

Our audit of the financial statements does not relieve the RFO nor those charged with governance of their responsibilities for the preparation of the statement of accounts.

#### Overview

Our audit work is complete, we anticipate issuing our audit opinion on the London Borough of Haringey's financial statements for the year ended 31 March 2022.

No restrictions were placed on our work by management.

#### Circumstances that affect the form and content of the auditor's report

There has been a deterioration in the timeliness of local audit in recent years leading to a persistent and significant backlog of audit opinions. Across England, the backlog of outstanding audit opinions stood at 771 at 31 December 2023 and is estimated to increase to around 1,000 later this year. In February 2024, the Department for Levelling Up, Housing and Communities published 'Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit'. This joint statement confirmed that:

*"The issues facing local audit are widely recognised as multi-faceted and complex with no single cause or solution".*

The factors contributing to the delay in issuing an audit opinion on the financial statements of London Borough of Haringey for the year ended 31 March 2022 include, but are not limited to:

- increased regulator expectations on auditors
- difficulties in attracting, developing and retaining staff to perform local audit work
- the impact of the Covid-19 pandemic

Over the last year, organisations involved in the regulation and oversight of local body financial reporting and audit have been working collectively to agree a proposed solution to clear the outstanding historical audit opinions and ensure that delays do not return.

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To clear the backlog of historical accounts and ‘reset’ the system, the Accounts and Audit (Amendment) Regulations 2024 require local bodies to publish audited financial statements for all outstanding years up to and including 2022/23 by 13 December 2024 (‘the backstop date’). In addition, the National Audit Office has made changes to the Code of Audit Practice to require local auditors to comply with backstop dates by giving their opinions in time for audited accounts to be published.

The backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Consequently, this prevents us from meeting the overall objectives of an audit as set out in ISA (UK) 200 ‘*Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*’. Therefore, the backstop date has created circumstances which require us to consider modifying our opinion on London Borough of Haringey’s financial statements.

#### Significant difficulties encountered during the audit

ISAs (UK) require us to report to you any significant difficulties we have encountered during the audit. As previously outlined, the backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Therefore, the backstop date represents a significant difficulty that we have encountered during the audit.

Borough of Haringey to publish audited financial statements for the year ended 31 March 2022 by 13 December 2024. We have not able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by this date. As a result, we are unable to conclude that London Borough of Haringey’s financial statements for the year ended 31 March 2022 as a whole are free from material misstatement. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Therefore, we anticipate issuing a disclaimer of opinion on the financial statements.

#### Objections

We are in the process of determining two objections for 31 March 2023 financial year which we are aiming to determine before 13<sup>th</sup> December 2024, however if there are any legal consideration relating to these objections it may impact on our ability to issue to audit opinion by the backstop date.

#### Use of resources

We have identified significant weaknesses with regards to maintaining and strengthening the financial viability across the MTFS period.

#### Independence

We confirm that the firm and its partners and staff involved in the audit are independent of London Borough of Haringey in accordance with the Financial Reporting Council’s (FRC’s) Ethical Standard.

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This summary provides an overview of the audit scope and materiality for the year ended 31 March 2022.

### Audit scope

The scope of the audit is determined by the National Audit Office's Code of Audit Practice that sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. This includes: auditing the financial statements; reviewing the arrangements to secure value for money through the economic, efficient and effective use of its resources; and, where appropriate, exercising the auditor's wider reporting powers and duties. Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws, appropriate standards and guidance issued by the National Audit Office.

### Materiality

Materiality for the Group has been set at 1.5% of gross expenditure for the period (prior year 1.5%) and is outlined in the adjacent chart. For reporting purposes, we consider misstatements of less than £248,000 (2021: £500,000) to be trivial unless the misstatement is indicative of fraud.

### Council's responsibilities

The Section 151 Officer, Director of Finance is responsible for the preparation of the Statement of Accounts and for being satisfied that these show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2021/22, applicable accounting standards or other direction under the circumstances. Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of the financial statements.

### Material misstatements

We reported the following material misstatements in 2020/21 which will also impact these financial statements.

- Infrastructure Assets: the Council has not complied with the CIPFA Bulletin 12 or the statutory override in the 2021/22, therefore Infrastructure Assets were not disclosed in accordance with the Code. The Council has applied this to the 2022/23 financial statements, this could have a material impact on the 2020/21 and 2021/22 financial statements if It had been applied.
- Car Park Debtor: During our testing of Revenue, we noted that the Civica system is no longer in use, however the Council did not generate a report on an account-by-account basis therefore, the car parking debtor at year end. Therefore, address this the Council engaged with Civica to attempt to directly obtain the data but determined that the car parking debtor was not transferred over to the new income system. The Council has assessed that the car parking debtor will not be recovered at 31/03/21 but have decided to not amend the accounts to remove the debtor and Bad debt provision (BDP) in full. This resulted in a material uncertainty on parking Debtor balance where the parking debtor balance is £30.5m.

### Unadjusted audit differences

We did not identify any audit differences that have not been adjusted for.



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As Group auditor we are required to design an audit strategy to ensure we have obtained the required audit assurance for each component for the purposes of our Group audit opinion ISA (UK) 600. A high-level overview of how we have designed the Group audit strategy is summarised below to ensure you have clear oversight of the scope of the work we intend to perform on each entity.

Audit Risks, covered later in this report, are cross referenced to each entity to provide clarity over how these arise within your business and where the focus of the audit work will be.

The clearly trivial threshold for the Group has been set at the Group level at £0.25 million. The clearly trivial threshold for the components is as set out in the table below.

Entity	Nature of operations	Audit classification	Reason for classification	Audit risks	Overall audit strategy	Work performed and results
London Borough of Haringey Council	Local authority	Significant component	Size and risk	Risks 1-4	Statutory audit performed by BDO	See below
Homes for Haringey Ltd	Manages Haringey Council houses	Non-significant component	Size		BDO Group Engagement Team analytical procedures and testing of pension liability assumptions Statutory audit performed by PricewaterhouseCoopers LLP	See below
Alexandra Park and palace Charitable Trust Ltd	Manages the park and palace	Non-significant component	Size	Risk 4	BDO Group Engagement Team analytical procedures and testing the valuation of Alexandra Palace Statutory audit performed by Hays Macintyre	See below

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Entity	Nature of operations	Audit classification	Reason for classification	Audit risks	Overall audit strategy	Work performed and results
Alexandra House Wood Green Ltd	Manages the Alexandra House	Non-significant component	Size	Risk 4	BDO Group Engagement Team analytical procedures and testing the valuation of Alexandra House.	See below

#### Work performed and results

We are required to provide you with an overview of the:

- type of work to be performed on the financial information of the components
- nature of our planned involvement in the work to be performed by the component auditors on the financial information of significant components.

The backstop date has created time constraints that have impeded us from:

- determining the type of work to be performed on the financial information of the components
- planning our involvement in the work to be performed by the component auditors on the financial information of significant components
- completing all necessary procedures in response to the audit risks identified, which means that we were unable to obtain sufficient, appropriate audit evidence in respect of these risks.

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We assessed the following matters as being the most significant risks of material misstatement in the financial statements, or those where we consider there to be an elevated risk of material misstatement. These include those risks which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit and the directing of the efforts of the engagement team.

The backstop date has created time constraints that have impeded us from completing all necessary risk assessment procedures. Therefore, we have not been able to meet the objective of ISA (UK) 315 *Identifying and Assessing the Risks of Material Misstatement*, which is to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement. Had we met the objective of ISA (UK) 315, we may have identified additional risks to those listed below.

#	Audit Risk	Significant or Elevated Risk	Fraud risk present	Significant management estimates & judgements	Specific Letter of Representation Point
1	Management override of controls	Significant	Yes	Yes	No
2	Expenditure cut-off	Significant	Yes	Yes	No
3	Valuation of pension liability	Significant	No	Yes	Yes
4	Valuation of land and buildings	Significant	No	Yes	Yes
5	Revenue recognition (Grants)	Significant	Yes	Yes	No



# Risk 2

## Expenditure cut-off

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	C	E	A	V	P	2021/22	2020/21
Expenditure around year end	✓					All expenditure around year end	All expenditure around year end

### Risk description

► For net-spending bodies in the public sector there is also risk of fraud related to expenditure. For London Borough of Haringey, we consider the risk of fraud to be in respect of the cut-off of expenditure at year-end.

### Work performed and results

► The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.

### Key to audit assertions

C - Completeness                      A - Accuracy                      P - Presentation  
 E - Existence                              V - Valuation

● Significant risk
Elevated risk
Moderate risk
● Fraud risk
● Significant management estimates & judgements



# Risk 3

## Valuation of net pension liability

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C E A V P	2021/22	2020/21
✓	£482 million	£684 million

### Risk description

- ▶ There are risks around both the gross pension asset and the gross pension obligation, which together determine the net defined benefit pension asset/liability recognised in London Borough of Haringey’s balance sheet.
- ▶ There is a risk that the membership data and cash flows provided to the actuary at year end may not be accurate, and that the actuary uses inappropriate assumptions to value the liability. Relatively small adjustments to assumptions used can have a material impact on the London Borough of Haringey’s share of the scheme net/asset liability.

### Work performed and results

- ▶ The gross pension asset comprises a variety of investments, including those which we consider to be ‘harder to value’ because there are no observable inputs (such as an active market for the investment). This increases the estimation uncertainty associated with the value of these investments, which include property, private equity and other managed funds.
- ▶ The valuation of the pension liability is a complex calculation involving significant judgements and assumptions. The actuarial estimate of the pension fund liability uses information on current, deferred and retired members and applies actuarial assumptions over pension increases, salary increases, mortality, commutation take up and discount rates to calculate the net present value of the liability.
- ▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.

### Key to audit assertions

C - Completeness                      A - Accuracy                                      P - Presentation  
 E - Existence                              V - Valuation

●	Significant risk
	Elevated risk
	Moderate risk
	Fraud risk
●	Significant management estimates & judgements



# Risk 4

## Valuation of land and buildings

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	C	E	A	V	P	2021/22	2020/21
Land and Buildings				✓		£2.9 Billion	£2.7 Billion

### Risk description

- ▶ Local authorities are required to ensure that the carrying value of land and buildings is not materially different to the current value (operational assets) or fair value (surplus assets, assets held for sale and investment properties) at the balance sheet date.
- ▶ London Borough of Haringey applies a five-year rolling revaluation programme to its land and buildings, with surplus assets and investment properties revalued annually. A market review is performed at the end of the financial year to determine whether material movements may have occurred since the valuation date. Property revaluations and the market review are undertaken by London Borough of Haringey’s external property advisors.
- ▶ Due to the significant value of London Borough of Haringey’s land and buildings, there is a risk over the valuation of these assets due to the high degree of estimation uncertainty and where updated valuations have not been provided for a class of assets at the year-end.

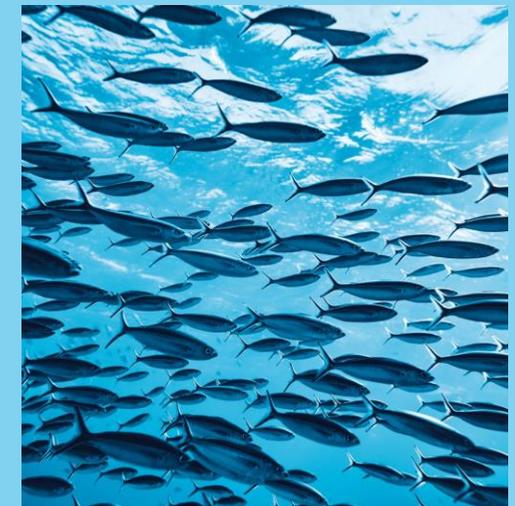
### Work performed and results

- ▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.

### Key to audit assertions

C - Completeness	A - Accuracy	P - Presentation
E - Existence	V - Valuation	

● Significant risk
Elevated risk
Moderate risk
Fraud risk
● Significant management estimates & judgements



# Risk 5

## Revenue Recognition (Grants)

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	C	E	A	V	P	2021/22	2020/21
Revenue (grants)		✓	✓			£648 million	£650 million

**Risk description**

- ▶ Auditing standards note that there is a presumed significant risk resulting from the intentional misstatement of revenue
- ▶ The amounts reported in relation to revenue represent information of significant interest to many users of the financial statements. This puts revenue at a greater risk of manipulation, bias and misstatement.
- ▶ For London Borough of Haringey, we consider the risk of fraudulent revenue recognition (primarily through manipulation of financial reporting) to be in respect of the existence and accuracy of revenue grants subject to specific performance conditions.

**Work performed and results**

- ▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.

Key to audit assertions

C - Completeness                      A - Accuracy                                      P - Presentation  
 E - Existence                              V - Valuation

●	Significant risk
	Elevated risk
	Moderate risk
	Fraud risk
●	Significant management estimates & judgements





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## Laws and regulations, including fraud

LARRIG 04 '*Auditor reporting requirements under ISA(UK) 250A (Consideration of Laws and Regulations in an Audit of Financial Statements) and reporting in the public interest*' confirms that irrespective of backstop arrangements, if as part of the audit, the auditor identifies actual or suspected non-compliance with laws and regulations, the auditor is required by the ISAs (UK) to investigate and report on these matters.

Our ability to identify non-compliance with laws and regulation that may have a material effect on the financial statements is based on procedures performed during the course of the audit, which have been curtailed as a consequence of backstop arrangements. Therefore, the backstop date has created time constraints that have impeded us from performing procedures which may identify such non-compliance.

We have not identified any non-compliance with laws and regulations that could have a material impact on the financial statements, however we are still determining an objection to the 2022/23 financial statements which may impact these financial statements.

## Significant matters in connection with related parties

We are required to report to you significant matters arising during the audit in connection with London Borough of Haringey's related parties. The backstop date has created time constraints that have impeded us from performing procedures which may identify such matters.

We did not identify any significant matters in connection with London Borough of Haringey 's related parties

## Financial reporting

We are required to communicate to you our views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The backstop date has created time constraints that have impeded us from considering significant qualitative aspects of London Borough of Haringey's accounting practices. We therefore have no views to communicate to you in this regard.

## Significant deficiencies in internal control

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. The backstop date has created time constraints that have impeded us from performing procedures which may identify such deficiencies. In any event, as the purpose of the audit is for us to express an opinion on London Borough of Haringey's financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

We did not identify any significant deficiencies in internal control.

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## Matter

We are required to report if:

- we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit;
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

## Comment

We have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 because the backstop date has created time constraints that have impeded us from completing all necessary procedures in response to this reporting requirement.

We have nothing to report in respect of the other matters.



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## Requirements of the 2024 Code of Audit Practice and Auditor Guidance Note 3 (AGN 03) Auditors' Work on Value for Money (VFM) Arrangements

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money arrangements) and report to you any identified significant weaknesses.

Following the Code of Audit Practice 2024 coming into force on 14 November 2024, this is based on the following two reporting criteria for incomplete audits for 2020/21, 2021/22 and 2022/23:

- ▶ **Financial sustainability** - How London Borough of Haringey plans and manages its resources to ensure it can continue to deliver its services, and
- ▶ **Governance** - How London Borough of Haringey ensures that it makes informed decisions and properly manages its risks.

The key output from our audit work in respect of VFM arrangements is a commentary as reported in the Auditor's Annual Report, not a VFM arrangements 'conclusion' or 'opinion'. The Code of Audit Practice 2024 enables auditors to issue a combined commentary as part of a single auditor's annual report for incomplete audits up to and including 2022/23.

Where we are aware of significant weaknesses at the time of issuing our audit report on the financial statements, the nature of the significant weakness and the associated recommendation are required to be referred to by exception in our report on the financial statements.

## Risk of significant weakness

We are required to report the results of our risk assessment to those charged with governance, including additional work planned in respect of any identified risks of significant weakness, and to keep our risk assessment under continual review, with any changes again communicated to those charged with governance.

We assessed the following matters as being the most significant risks regarding use of resources:

- ▶ The Council will need to deliver its savings and achieve income targets to maintain financial sustainability in the medium term and there is a risk that these projections will not be met.

The results of our work on significant weaknesses is set out on the following page/s.

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## VFM Risk 1

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### Risk description

There is a significant risk that any shortfall in the delivery of savings, non-realisation of assumed government funding and failure to reduce the current funding gaps will have a negative impact on future projected targets in the MTFS Work performed.

We carried out the following planned procedures:

- ▶ Reviewed the assumptions used in the Medium-Term Financial Strategy and assess the reasonableness of the cost pressures and the amount of Government funding applied;
- ▶ Monitored the delivery of the budgeted savings in 2021/22 and the plans to reduce services costs and increase income from 2022/23; and
- ▶ Reviewed the strategies to close the budget gap in the coming years.

### Results

As reported further in our VFM Commentary in the Annual Auditors Report, the Council has a sound track record of setting and delivering balanced budgets and set a balanced budget for 2020/21 with a planned use of reserves of £5.4m to balance the 2021/22 budget. However, in 2022/23 the Council delivered services for the year with a reported overspend at service level of £16m but a total underspend of £0.05 million, with an unplanned use of reserves for the shortfall.

While in 2023/24 the Council's general fund budget was overspend by £19.2m and required additional unplanned use of reserves (of £19.248m) in addition to the planned use of reserves of £3.5m, resulting in a reduced level of earmarked reserves at £52.2m (21/22: £103m).

The MTFP includes the requirement to reduce net budgets to manage costs through the delivery of the Council's core services along with the containment of cost pressures. The

extent of increased demand on the council's services has impact the ability to achieve the savings, but despite this the Council's operations and finances were sufficiently flexible during 2021/22, to ensure that the Council remained financial sustainable with adequate levels or reserves.

The Council recognises it faces various risks that may have significant financial implications and holds a contingency reserve that seeks to quantify these risks, ensuring it has sufficient resources to manage these risks should they materialise, thus enabling service levels and financial resilience to be sustained.

The Council updates its 2021/22 Medium Term Financial Strategy (MTFs), which was approved in 9 February 2021, on a regular basis and reports this to the Cabinet biannually.

The Provincial Financial Outturn Report for 2022/23 presented in July 2023, reflected that the significant amount of pressure on the 2022/23 budget would continue to impact the 2023/24 budget. The savings achievement was at 64% of the planned savings target (of £20.7m) largest due to the overachievement of the Children's Services directorate.

The reported a financial gap over the medium term of £20 million, which increased to £30 million in the update reported in July 2024. The increase was as a result of increases in demand and pay and price pressures.

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### Results (continued)

These pressures also resulted in projected overspends for the 2023/24 budget and present significant challenges in relation to the Council's ability to set a balanced budget for 2024/25 (£16.3m budget gap identified), as noted below.

Particular areas of risk to which the Council is exposed include national issues such as inflation and reduced levels of funding, alongside those areas where containing spend is challenging due to the pressures being experienced.

Areas such as adult social care, children's social care and temporary accommodation, in particular, are areas of spending pressure due to increased demand and costs. These pressures can be seen in the recent budget forecasts, with an outturn for 2023/24 of £19.2 million overspend being reported at 16 July 2024 before mitigating actions including unplanned use of reserves of £3.5m.

The Council considers the continued use of reserves to be unsustainable and noted some of the mitigating actions that have been taken include one off actions such as decision to develop a long-term sustainable plan, contribution towards the corporate contingency budget to offset service pressures and redundancy costs, and continued delivery against the Corporate Delivery Plan. The Council has continued to deliver the majority of its savings plan; however, the savings targets continue to grow year-on-year in order to meet the gaps.

The Council will also make use of borrowing to fund the Capital Programme and also putting in place plans to reduce the underlying pressures resulting in the overspend, both in terms of managing demand as well as reducing costs. It is critical that these actions are taken in order for the underlying pressures to be managed as the use of reserves and other one off savings is not a sustainable approach to ensuring a balanced budget can be set and

delivered for 2024/25 and future years.

For further details please refer to our VFM Commentary in the Annual Auditors Report.

### Discussion and conclusion

There is therefore a risk that any shortfall in the delivery of savings, non-realisation of assumed government funding and failure to reduce the current funding gaps will have a negative impact on Council in the medium to long-term. In future years the usable reserves continue to be reduced in order to balance the Council's budget.

While we have concluded this does not constitute a significant weakness in arrangements from 2020/21 - 2022/23, the Council needs to ensure that robust assessment and monitoring is in place to address this in future years.

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## Opinion on financial statements

We anticipate issuing a disclaimer of opinion on the financial statements, for the reasons detailed in the 'Executive summary' section of this report.

## Use of resources

There is a significant risk that any shortfall in the delivery of savings, non-realisation of assumed government funding and failure to reduce the current funding gaps will have a negative impact on future projected targets in the MTFS.

We recommend the council to place immediate focus on mitigating emerging budget pressures; perform an enhanced assessment on further planned savings and explore wider alternatives to the use of reserves in managing budget gaps identified within the Authority's MTFS.

These actions will help the Authority remain financially sustainable in the short-term.

## Other matters on which we are required to report by exception

We have no matters to report, other than we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, for the reasons detailed in the 'Special reporting powers and duties' section of this report.

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## Independence

We confirm that the firm, and the engagement team including other BDO network firms conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard and the IESBA Code of Ethics and are independent of London Borough of Haringey.

Details of services, other than audit, provided by us to the Group during the period and up to the date of this report are set out in the table below. We have not identified any threats to our independence arising from the provision of these services.

We have not identified any other relationships or threats that may reasonably be thought to bear on our objectivity and independence.

## Fee summary

Fees in relation to the backstop are currently being determined by PSAA and a letter will follow once we are notified of the fees for the Authority.

	Fees (£)		Independence safeguards	Impact on independence
	Year ended March 2022	Year ended March 2021		
<b>Audit fees</b>	TBC	£158,986	None required	N/A
<b>Additional fees</b>	TBC	£46,223	None required	N/A
<b>Non-audit services:</b>				
Fees payable in respect of grant claims and other services provided during the year	£7,000	£7,000	None required	N/A
<b>Total fees</b>	<b>TBC</b>	<b>£212,209</b>		



# Partner rotation

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These tables indicate the rotation periods normally permitted under Public Sector Audit Appointments' (PSAA) rules on rotation of key staff, as set out in the PSAA Terms of Appointment.

It is PSAA's policy that:

- engagement leads should act for an initial period of five years. PSAA may approve engagement leads for an additional period of up to no more than two years, if it is provided with assurance that there are no considerations such that an objective, reasonable and informed third party would conclude that an auditor's integrity, objectivity or independence was or could be perceived to be compromised together with details of any mitigations
- other than in exceptional circumstances, the audit manager at an audited body should be changed at least once every seven years. PSAA will approve the appointment of an audit manager for an additional period of up to three years, provided that there are no considerations such that an objective, reasonable and informed third party would conclude that an auditor's integrity, objectivity or independence was or could be perceived to be compromised
- it is not expected that an individual should act as an engagement quality control reviewer at an audited body for a period longer than seven years.

In order to safeguard audit quality, we will employ a policy of gradual rotation covering the team members below as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.

### Independence - engagement team rotation

Senior team members	Number of years involved	Rotation to take place after
Rachel Brittain Engagement Lead	2	5 years
Julie Holloway Senior Manager	2	7 years
Marco Buys Audit Manager	2	7 years

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## Those Charged with Governance (TCWG)

References in this report to Those Charged With Governance are to London Borough of Haringey as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the audit committee.

## Communication

The National Audit Office has issued Local Audit Reset and Recovery Implementation Guidance (LARRIGs) to support the reset and recovery of local audit in England. LARRIG 02 states that the frequency with which matters are communicated to Those Charged With Governance may be less in the circumstances created by backstop arrangements and that it may therefore be appropriate to include all communications relevant to an audit within a single document. In line with this guidance, we have prepared a combined Audit Planning Report and Audit Completion Report.

## Auditor's Annual Report

We will provide a commentary on London Borough of Haringey's arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from London Borough of Haringey. The Auditor's Annual Report is required to be published by London Borough of Haringey.

The Code of Audit Practice 2024 confirms that for incomplete audits up to and including 2022-23, the auditor may issue a combined commentary as part of a single Auditor's Annual Report. We have therefore decided to issue a combined commentary as part of a single Auditor's Annual Report for 2021/22 and 2022/23.

Communication required	Date (to be) communicated	To whom	Communication method
Audit Planning Report	3 December 2024	Audit committee	Combined Audit Planning Report and Audit Completion Report
Audit Completion Report	3 December 2024	Audit committee	Combined Audit Planning Report and Audit Completion Report
Auditor's Annual Report	3 December 2024	Audit committee	Auditor's Annual Report



# Management representation letter

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BDO LLP  
55 Baker Street  
London  
W1U 7EU

Dear Sirs

## Financial statements of London Borough of Haringey for the year ended 31 March 2022

We confirm that the following representations given to you in connection with your audit of the Group and the Council's financial statements for the year ended 31 March 2022 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of the Council and other Group entities.

The Chief Finance Officer has fulfilled her responsibilities for the preparation and presentation of the Group and the Council financial statements as set out in the Accounts and Audit Regulations 2015 and in particular that the financial statements give a true and fair view of the financial position of the Group and the Council as of 31 March 2022 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

We have fulfilled our responsibilities on behalf of London Borough of Haringey, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of London Borough of Haringey's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records of London Borough of Haringey have been made available to you for the purpose of your audit and all the transactions undertaken by London Borough of Haringey have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all e.g. Council, management and other meetings have been made available to you.

## Going concern

We have made an assessment of the Group and the Council's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. As a result of our assessment we consider that the Group and the Council is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. Furthermore, we confirm that the disclosures included in the financial statements are sufficient.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on London Borough of Haringey Council's ability to continue as a going concern.

## Laws and regulations

In relation to those laws and regulations which provide the legal framework within which London Borough of Haringey's business is conducted, and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which I am aware and all actual or contingent consequences arising from such instances of non-compliance.

## Post balance sheet events

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.



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## Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have made the results available to you.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees that could have a material effect on the financial statements. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge, we are not aware of any allegations of fraud or suspected fraud that have been communicated by employees, former employees, analysts, regulators or any other party that could materially affect the financial statements.

## Misstatements

You have not advised us of any unadjusted misstatements in the financial statements or other information in the Statement of Accounts.

## Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

Other than as disclosed in note 31 to the financial statements, there were no loans, transactions or arrangements between London Borough of Haringey and members of London Borough of Haringey or their connected persons at any time in the financial period which were required to be disclosed.

## Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the financial statements.

## Accounting estimates

We confirm the following significant assumptions made in relation to accounting estimates (including fair value measurements) used in the preparation of the financial statements

a) Assumptions used by the actuary in the calculation of the pension fund liability

We confirm that the actuarial assumptions underlying the valuation of the Local Government Pension Scheme (LGPS) liabilities, as applied by the scheme actuary, are reasonable and consistent with our knowledge of the business.

We also confirm that the actuary has applied up-to-date mortality tables for life expectancy of scheme members in calculating scheme liabilities.

b) Assumptions used for land and buildings valuations

We are satisfied that the useful economic lives of the housing stock and other land and buildings, and their constituent components, used in the valuation of the housing stock and other land and buildings, and the calculation of the depreciation charge for the year, are reasonable.



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We confirm that the valuations applied to council dwellings and other land and buildings revalued in the year, as provided by the valuer and accounted for in the financial statements, are reasonable and consistent with our knowledge of the business and current market prices. The rebuild costs applied for depreciated replacement cost valuations are appropriate and reflect our best estimate of replacing the service potential of the buildings.

The rebuild cost assumptions have been agreed to data provided by RICS for Building Cost Indices including Weighted Overall Cost Rate, Location, Location Factor, professional fees percentages and overall obsolescence factors applied.

### Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the requirements of accounting standards.

### Compliance with Accounts and Audit Regulations 2015

We confirm that we have complied with the requirements of sections 25 and 26 of the Local Audit and Accountability Act 2014 and sections 14 and 15 of the Accounts and Audit Regulations 2015 in respect of the public inspection of accounts.

### Confirmation

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each member has taken all the steps that they ought to have taken as a member of London Borough of Haringey in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Tarryn Eaves  
Chief Finance Officer

[date]

Councillor Erdal Dogan  
Chair of the Audit Committee

[date]

# FRC Ethical Standard

Issued in December 2019

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It is now around four years since the FRC’s Revised Ethical Standard 2019 (‘ES’) came into force. It aimed to further strengthen auditor independence and enhance confidence in the profession and was, in many ways, a precursor to the Corporate Governance and Audit Reform debate

that is still ongoing. Although the ES is now well-established it is worth taking time to reconsider some of its most important changes and ensure your internal policies and procedures are effective.

Key headlines	Impact
<b>The objective, reasonable &amp; informed third party test</b>	Reinforcement that ethical principles take priority over rules. A need to take care where particular facts and circumstances are either not addressed directly by the rules or might appear to ‘work around’ the rules or result in an outcome that is inconsistent with the general principles and the public interest.
<b>Contingent fees</b>	Non-audit services with contingent or success-based fee arrangements will be prohibited for audited entities.
<b>Secondments</b>	All secondments/loan staff to audited entities are prohibited with the exception of secondments to public sector entities.
<b>Recruitment and remuneration services</b>	Prohibition on providing remuneration services to audited entities such as advising on the quantum of the remuneration package or the measurement criteria for calculation of the package. In addition, the prohibition on providing recruitment services to an audited entity that would involve the firm taking responsibility for, or advising on the appointment of, any director or employee of the entity.

# FRC Practice Aid for Audit Committees

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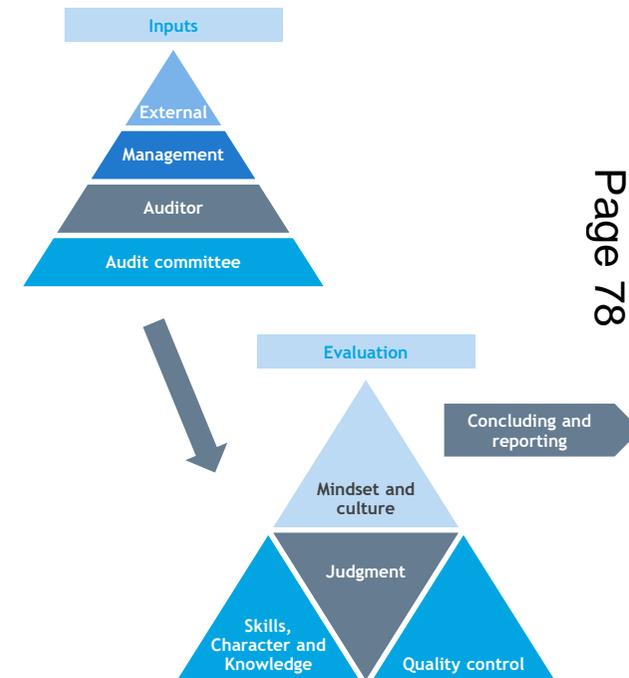
The Financial Reporting Council (FRC) issued an updated practice aid for audit committees in December 2019 and a full copy can be found on the [FRC website](#). In their practice aid the FRC note: 'The directors of a Company (the Board as a whole) are responsible for ensuring its financial statements are prepared in accordance with the applicable financial reporting framework and for overseeing the Company's internal control framework. A high-quality audit provides investors and other stakeholders with a high level of assurance that the financial statements of an entity give a true and fair view and provide a reliable and trustworthy basis for taking decisions.'

The practice aid then discusses how the role of audit committees in serving the interests of investors and other stakeholders is through their independent oversight of the annual corporate reporting process including the audit. The FRC highlight that the responsibility for appointing the external auditor, approving their remuneration and any non-audit services work, ensuring their independence and challenging them over the quality of their work falls to the audit committee and can play a key role in facilitating a high-quality audit (see note across).

It gives guidance for Audit Committees in the following areas:

- ▶ Audit tenders and the tender process including audit fee negotiations and auditor independence
- ▶ A model for use by audit committees in making an overall assessment of an external auditor including inputs, evaluations and concluding
- ▶ Transparency - reporting to the Board on how the audit committee has discharged these responsibilities
- ▶ Some guidance on key areas of audit judgement

The provision of high-quality audits are a key focus of FRC and the new Executive Director of Supervision, David Rule, sent a letter to all audit firms in November 2019 explaining the factors he would expect to see in place in order to facilitate the delivery of high-quality audits. A copy of the letter can be found on the [FRC website](#)



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## **BDO is totally committed to audit quality**

It is a standing item on the agenda of BDO's Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream's objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections.

BDO welcomes feedback from external bodies and is committed to implementing necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Council's Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US companies), the firm undertakes a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years.

We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our Transparency Report at [www.bdo.co.uk](http://www.bdo.co.uk)



# Our culture of challenge

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***“The Right people, supported to do the Right Work, in the Right place at the Right time. In short doing the Right thing. Always.”***

A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. While the ICAEW Code of Ethics provides guidance on how a professional accountant fulfils their duty, the focus of our firm, and auditors individually is to discharge our obligation to serve the public interest by consistently performing quality audit engagements.

Our work as auditors is fundamental to the success of the business world, enabling decisions based on transparent financial reporting that is trusted. The purpose of an audit is to help establish and maintain deserved confidence in a company, in its directors and in the information which they have responsibility to report, including the financial statements.

Quality is represented in our strategic framework in two important and distinct ways:

- The first is that we are committed to serving the public interest by consistently performing quality engagements - this is particularly important for two reasons: firstly, that it is the right thing to do and secondly, that it's required of by the international standards on quality management.
- The second commitment is to high quality, independence and ethics, which is broader than just our performance on individual audit and non-audit engagements and recognises the importance of high quality in everything we do.

Our Audit Specific Behaviours provide guidance and set consistent expectations for our auditor teams to ensure our day-to-day interactions and decision making come together to create High Performing Teams, that do the right thing. Always.

Read our latest Transparency Report on the BDO website.



# London Borough of Haringey local authority's responsibilities

## London Borough of Haringey local authority's Responsibilities and Reporting

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### Financial reporting

London Borough of Haringey is expected to have effective governance arrangements to deliver its objectives. To this end, the publication of the financial statements is an essential means by which London Borough of Haringey accounts for its stewardship and use of the public money at its disposal.

The form and content of London Borough of Haringey's financial statements, and any additional schedules or returns for consolidation purposes, should reflect the requirements of the relevant accounting and reporting framework in place and any applicable accounting standards or other direction under the circumstances.

The Section 151 Officer is responsible for preparing and filing a Statement of Accounts and financial statements which show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2021/22, applicable accounting standards or other direction under the circumstances.

Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of materially accurate financial statements.

### Use of resources

Local authorities are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at their disposal.

As part of the material published with its financial statements, London Borough of Haringey is required to bring together commentary on its governance framework and how this has operated during the period in a Governance Statement.

In preparing its Governance Statement, London Borough of Haringey will tailor the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on their arrangements for securing value for money from their use of resources.



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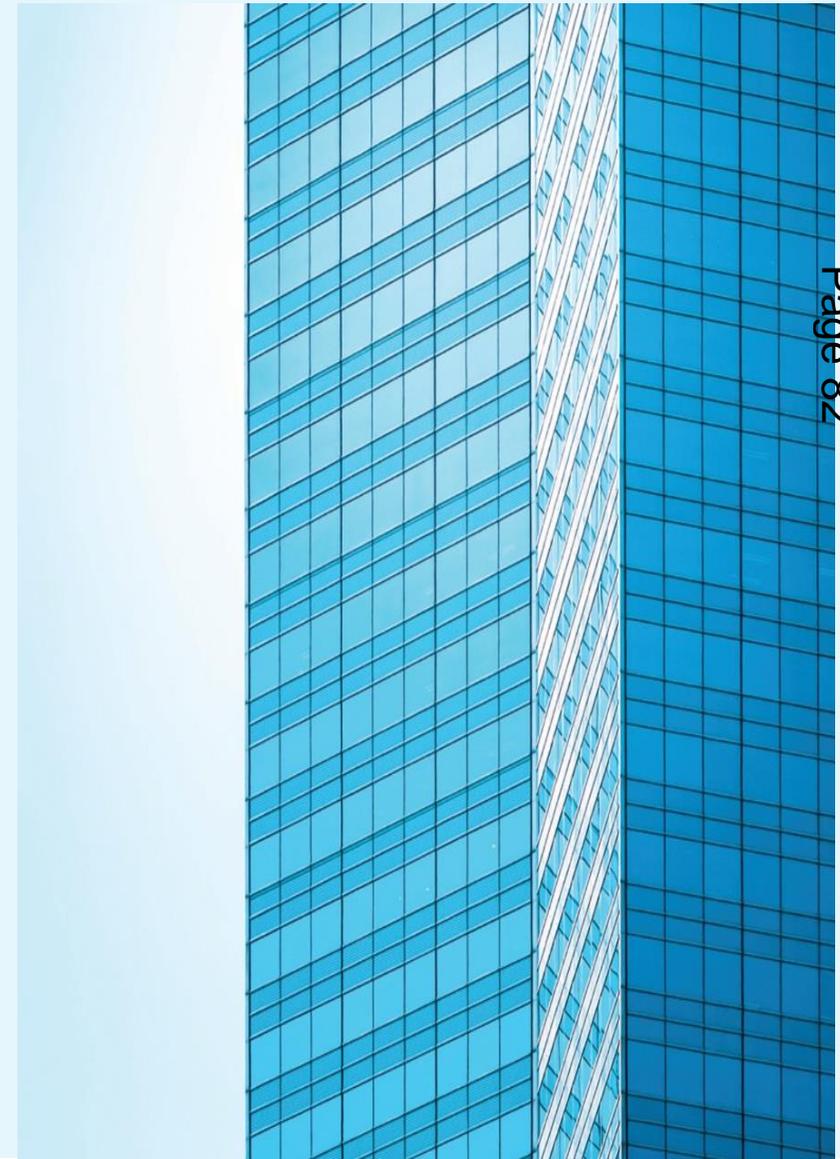
## Our responsibilities and reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements. We report our opinion on the financial statements to the members of London Borough of Haringey.

We are required to satisfy ourselves that London Borough of Haringey has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This means that we have regard to relevant guidance issued by the National Audit Office and undertake sufficient work to be able to satisfy ourselves as to whether London Borough of Haringey has put arrangements in place that support the achievement of value for money and to provide an annual commentary on arrangements in the Auditor's Annual Report.

## What we don't report

Our audit is not designed to identify all matters that may be relevant to London Borough of Haringey and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist





For more information:

**Rachel Brittain**

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e: Rachel.brittain@bdo.co.uk

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 London Borough of Haringey and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

BDO is an award-winning UK member firm of BDO International, the world's fifth largest accountancy network, with more than 1,500 offices in over 160 countries.

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# London Borough of Haringey

Combined Audit Planning Report and Audit Completion Report: Year ended 31 March 2023

Report to the Audit Committee

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# Welcome

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This is our combined Audit Planning Report and Audit Completion Report to the Audit Committee of London Borough of Haringey. The National Audit Office has issued Local Audit Reset and Recovery Implementation Guidance (LARRIGs) to support the reset and recovery of local audit in England. LARRIG 02 states that the frequency with which matters are communicated to Those Charged With Governance may be less in the circumstances created by backstop arrangements and that it may therefore be appropriate to include all communications relevant to an audit within a single document. In line with this guidance, we have prepared a combined Audit Planning Report and Audit Completion Report.

This combined report is an integral part of our communication strategy with you. It summarises the overall audit strategy for the year ended 31 March 2023 in respect of our audit of the financial statements and use of resources; comprising materiality and key audit risks. It also summarises the results of our audit of London Borough of Haringey for the year ended 31 March 2023, including areas requiring further discussion and/or the attention of the Audit Committee. We look forward to discussing these matters with you at the Audit Committee meeting on 3 December 2024, and to receiving your input. In the meantime, if you would like to discuss any aspects in advance of the meeting we would be happy to do so.

This report contains matters which should properly be considered by Full Council. We expect that the Audit Committee will refer such matters to Full Council together with any recommendations, as it considers appropriate.

We would also like to take this opportunity to thank management and staff of London Borough of Haringey for the co-operation and assistance provided during the audit.

Rachel Brittain, Key Audit Partner  
For and on behalf of BDO LLP

25 November 2024



**Rachel Brittain**  
Key Audit Partner

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**Julie Holloway**  
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**Marco Buys**  
Assistant Manager

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# Overview

## Audit scope and objectives

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Reporting	Objectives
<b>Auditing standards</b>	We will perform our audit in accordance with International Standards on Auditing UK (ISAs (UK)) and relevant guidance published by the National Audit Office.
<b>Local Audit Reset and Recovery Implementation Guidance (LARRIGs) and Code of Audit Practice</b>	We will perform our audit in accordance with LARRIGs and the Code of Audit Practice 2024 published by the National Audit Office.
<b>Financial statements</b>	We will express an opinion on London Borough of Haringey's financial statements, prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2022/23 and other directions.
<b>Additional powers and duties</b>	Where necessary we may be required to: issue of a report in the public interest; make a written recommendation to London Borough of Haringey; allow local electors to raise questions and objections on the accounts; or exercise legal powers to apply to the courts for a declaration that an item of account is contrary to law, issue an advisory notice or an application for a judicial review.
<b>Use of resources and Auditor's Annual Report</b>	We will provide a commentary on London Borough of Haringey's arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from London Borough of Haringey.  The Auditor's Annual Report is required to be published by London Borough of Haringey.

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This summary provides an overview of the audit matters that we believe are important to the audit of the financial statements for London Borough of Haringey for the year ended 31 March 2023.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.

### Responsible financial officer (RFO)

The Accounts and Audit Regulations 2015 require Director of Finance, as RFO, to sign and date the statement of accounts, and confirm that they are satisfied that it presents a true and fair view of:

- the financial position of the authority at the end of the financial year to which it relates; and
- that authority's income and expenditure for that financial year.

Our audit of the financial statements does not relieve the RFO nor those charged with governance of their responsibilities for the preparation of the statement of accounts.

### Overview

Our audit work is complete, we anticipate issuing our audit opinion on the London Borough of Haringey's financial statements for the year ended 31 March 2023.

No restrictions were placed on our work by management.

### Circumstances that affect the form and content of the auditor's report

There has been a deterioration in the timeliness of local audit in recent years leading to a persistent and significant backlog of audit opinions. Across England, the backlog of outstanding audit opinions stood at 771 at 31 December 2023 and is estimated to increase to around 1,000 later this year. In February 2024, the Department for Levelling Up, Housing and Communities published 'Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit'. This joint statement confirmed that:

*"The issues facing local audit are widely recognised as multi-faceted and complex with no single cause or solution".*

The factors contributing to the delay in issuing an audit opinion on the financial statements of London Borough of Haringey for the year ended 31 March 2023 include, but are not limited to:

- increased regulator expectations on auditors
- difficulties in attracting, developing and retaining staff to perform local audit work
- the impact of the Covid-19 pandemic

Over the last year, organisations involved in the regulation and oversight of local body financial reporting and audit have been working collectively to agree a proposed solution to clear the outstanding historical audit opinions and ensure that delays do not return.

# Overview

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To clear the backlog of historical accounts and 'reset' the system, the Accounts and Audit (Amendment) Regulations 2024 require local bodies to publish audited financial statements for all outstanding years up to and including 2022/23 by 13 December 2024 ('the backstop date'). In addition, the National Audit Office has made changes to the Code of Audit Practice to require local auditors to comply with backstop dates by giving their opinions in time for audited accounts to be published.

The backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Consequently, this prevents us from meeting the overall objectives of an audit as set out in ISA (UK) 200 '*Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*'. Therefore, the backstop date has created circumstances which require us to consider modifying our opinion on London Borough of Haringey's financial statements.

### Significant difficulties encountered during the audit

ISAs (UK) require us to report to you any significant difficulties we have encountered during the audit. As previously outlined, the backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Therefore, the backstop date represents a significant difficulty that we have encountered during the audit.

### Audit report

The Accounts and Audit (Amendment) Regulations 2024 require London Borough of Haringey to publish audited financial statements for the year ended 31 March 2023 by 13 December 2024. We have not able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by this date. As a result, we are unable to conclude that London Borough of Haringey's financial statements for the year ended 31 March 2023 as a whole are free from material misstatement. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Therefore, we anticipate issuing a disclaimer of opinion on the financial statements.

We are in the process of determining two objections for 31 March 2023 financial year which we are aiming to determine before 13<sup>th</sup> December 2024, however if there are any legal consideration relating to these objections it may impact on our ability to issue to audit opinion by the backstop date.

### Use of resources

We have identified significant weaknesses with regards to maintaining and strengthening the financial viability across the MTFs period.

### Independence

We confirm that the firm and its partners and staff involved in the audit are independent of London Borough of Haringey in accordance with the Financial Reporting Council's (FRC's) Ethical Standard.

# The numbers

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This summary provides an overview of the audit scope and materiality for the year ended 31 March 2023.

### Audit scope

The scope of the audit is determined by the National Audit Office's Code of Audit Practice that sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. This includes: auditing the financial statements; reviewing the arrangements to secure value for money through the economic, efficient and effective use of its resources; and, where appropriate, exercising the auditor's wider reporting powers and duties. Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws, appropriate standards and guidance issued by the National Audit Office.

### Materiality

Materiality for the Group has been set at 1.5% of gross expenditure for the period (prior year 1.5%) and is outlined in the adjacent chart. For reporting purposes, we consider misstatements of less than £258,000 (2022: £245,000) to be trivial unless the misstatement is indicative of fraud.

### Council's responsibilities

The Section 151 Officer, Director of Finance, is responsible for the preparation of the Statement of Accounts and for being satisfied that these show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2022/23, applicable accounting standards or other direction under the circumstances. Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of the financial statements.

### Material misstatements

We reported the following material misstatements in 2021/22 which will also impact these financial statements.

- Car Park Debtor: During our testing of Revenue, we noted that the Civica system is no longer in use, however the Council did not generate a report on an account-by-account basis therefore, the car parking debtor at year end. Therefore, to address this the Council engaged with Civica to attempt to directly obtain the data but determined that the car parking debtor was not transferred over to the new income system. The Council has assessed that the car parking debtor will not be recovered at 31/03/21 but have decided to not amend the accounts to remove the Debtor and Bad debt provision (BDP) in full. This resulted in a material uncertainty on parking Debtor balance where the parking debtor balance is £30.5m.

### Unadjusted audit differences

We did not identify any audit differences that have not been adjusted for.





# Audit scope entities and components

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As Group auditor we are required to design an audit strategy to ensure we have obtained the required audit assurance for each component for the purposes of our Group audit opinion ISA (UK) 600. A high-level overview of how we have designed the Group audit strategy is summarised below to ensure you have clear oversight of the scope of the work we intend to perform on each entity.

Audit Risks, covered later in this report, are cross referenced to each entity to provide clarity over how these arise within your business and where the focus of the audit work will be.

The clearly trivial threshold for the Group has been set at the Group level at £0.25 million. The clearly trivial threshold for the components is as set out in the table below.

Entity	Nature of operations	Audit classification	Reason for classification	Audit risks	Overall audit strategy	Work performed and results
London Borough of Haringey Council	Local authority	Significant component	Size and risk	Risks 1-4	Statutory audit performed by BDO	See below
Homes for Haringey Ltd	Manages Haringey Council houses	Non-significant component	Size		BDO Group Engagement Team analytical procedures and testing of pension liability assumptions Statutory audit performed by PricewaterhouseCoopers LLP	See below
Alexandra Park and palace Charitable Trust Ltd	Manages the park and palace	Non-significant component	Size	Risk 4	BDO Group Engagement Team analytical procedures and testing the valuation of Alexandra Palace Statutory audit performed by Hays Macintyre	See below



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Entity	Nature of operations	Audit classification	Reason for classification	Audit risks	Overall audit strategy	Work performed and results
Alexandra House Wood Green Ltd	Manages the Alexandra House	Non-significant component	Size	Risk 4	BDO Group Engagement Team analytical procedures and testing the valuation of Alexandra House.	See below

## Work performed and results

We are required to provide you with an overview of the:

- type of work to be performed on the financial information of the components
- nature of our planned involvement in the work to be performed by the component auditors on the financial information of significant components.

The backstop date has created time constraints that have impeded us from:

- determining the type of work to be performed on the financial information of the components
- planning our involvement in the work to be performed by the component auditors on the financial information of significant components
- completing all necessary procedures in response to the audit risks identified, which means that we were unable to obtain sufficient, appropriate audit evidence in respect of these risks.

# Overview of risks

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We assessed the following matters as being the most significant risks of material misstatement in the financial statements, or those where we consider there to be an elevated risk of material misstatement. These include those risks which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit and the directing of the efforts of the engagement team.

The backstop date has created time constraints that have impeded us from completing all necessary risk assessment procedures. Therefore, we have not been able to meet the objective of ISA (UK) 315 *Identifying and Assessing the Risks of Material Misstatement*, which is to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement. Had we met the objective of ISA (UK) 315, we may have identified additional risks to those listed below.

#	Audit Risk	Significant or Elevated Risk	Fraud risk present	Significant management estimates & judgements	Specific Letter of Representation Point
1	Management override of controls	Significant	Yes	Yes	No
2	Expenditure cut-off	Significant	Yes	Yes	No
3	Valuation of pension liability	Significant	No	Yes	Yes
4	Valuation of land and buildings	Significant	No	Yes	Yes
5	Revenue recognition (grants)	Significant	Yes	Yes	No



# Risk 2

## Expenditure cut-off

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	C	E	A	V	P	2022/23	2021/22
Expenditure around year end	✓					All expenditure around year end	All expenditure around year end

### Risk description

- ▶ For net-spending bodies in the public sector there is also risk of fraud related to expenditure. For London Borough of Haringey, we consider the risk of fraud to be in respect of the cut-off of expenditure at year-end.

### Work performed and results

- ▶ The backstop date has created time constraints that have impeded us from completing all necessary procedures in response to the risk identified. We were therefore unable to obtain sufficient, appropriate audit evidence in respect of this risk.

### Key to audit assertions

C - Completeness                      A - Accuracy                      P - Presentation  
 E - Existence                              V - Valuation

● Significant risk
Elevated risk
Moderate risk
● Fraud risk
● Significant management estimates & judgements









# Matters requiring additional consideration

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## Laws and regulations, including fraud

LARRIG 04 '*Auditor reporting requirements under ISA(UK) 250A (Consideration of Laws and Regulations in an Audit of Financial Statements) and reporting in the public interest*' confirms that irrespective of backstop arrangements, if as part of the audit, the auditor identifies actual or suspected non-compliance with laws and regulations, the auditor is required by the ISAs (UK) to investigate and report on these matters.

Our ability to identify non-compliance with laws and regulation that may have a material effect on the financial statements is based on procedures performed during the course of the audit, which have been curtailed as a consequence of backstop arrangements. Therefore, the backstop date has created time constraints that have impeded us from performing procedures which may identify such non-compliance.

We did not identify any non-compliance with laws and regulations that could have a material impact on the financial statements.

## Significant matters in connection with related parties

We are required to report to you significant matters arising during the audit in connection with London Borough of Haringey's related parties. The backstop date has created time constraints that have impeded us from performing procedures which may identify such matters.

We did not identify any significant matters in connection with London Borough of Haringey's related parties

## Financial reporting

We are required to communicate to you our views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The backstop date has created time constraints that have impeded us from considering significant qualitative aspects of London Borough of Haringey's accounting practices. We therefore have no views to communicate to you in this regard.

## Significant deficiencies in internal control

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. The backstop date has created time constraints that have impeded us from performing procedures which may identify such deficiencies. In any event, as the purpose of the audit is for us to express an opinion on London Borough of Haringey's financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

We did not identify any significant deficiencies in internal control.

# Special reporting powers and duties

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## Matter

We are required to report if:

- we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit;
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

## Comment

We have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 because the backstop date has created time constraints that have impeded us from completing all necessary procedures in response to this reporting requirement.

We have nothing to report in respect of the other matters.



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## Requirements of the 2024 Code of Audit Practice and Auditor Guidance Note 3 (AGN 03) *Auditors' Work on Value for Money (VFM) Arrangements*

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money arrangements) and report to you any identified significant weaknesses.

Following the Code of Audit Practice 2024 coming into force on 14 November 2024, this is based on the following two reporting criteria for incomplete audits for 2020/21, 2021/22 and 2022/23:

- ▶ **Financial sustainability** - How London Borough of Haringey plans and manages its resources to ensure it can continue to deliver its services, and
- ▶ **Governance** - How London Borough of Haringey ensures that it makes informed decisions and properly manages its risks.

The key output from our audit work in respect of VFM arrangements is a commentary as reported in the Auditor's Annual Report, not a VFM arrangements 'conclusion' or 'opinion'. The Code of Audit Practice 2024 enables auditors to issue a combined commentary as part of a single auditor's annual report for incomplete audits up to and including 2022/23.

Where we are aware of significant weaknesses at the time of issuing our audit report on the financial statements, the nature of the significant weakness and the associated recommendation are required to be referred to by exception in our report on the financial statements.

## Risk of significant weakness

We are required to report the results of our risk assessment to those charged with governance, including additional work planned in respect of any identified risks of significant weakness, and to keep our risk assessment under continual review, with any changes again communicated to those charged with governance.

We assessed the following matters as being the most significant risks regarding use of resources:

- ▶ The Council will need to deliver its savings and achieve income targets to maintain financial sustainability in the medium term and there is a risk that these projections will not be met.

The results of our work on significant weaknesses is set out on the following pages.



# Use of resources

## VFM Risk 1

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### Risk description

There is a significant risk that any shortfall in the delivery of savings, non-realisation of assumed government funding and failure to reduce the current funding gaps will have a negative impact on future projected targets in the MTFS Work performed.

We carried out the following planned procedures:

- ▶ Reviewed the assumptions used in the Medium-Term Financial Strategy and assess the reasonableness of the cost pressures and the amount of Government funding applied;
- ▶ Monitored the delivery of the budgeted savings in 2022/23 and the plans to reduce services costs and increase income from 2023/24; and
- ▶ Reviewed the strategies to close the budget gap in the coming years.

### Results

As reported further in our VFM Commentary in the Annual Auditors Report, the Council has had a sound track record of setting and delivering balanced budgets.

We note that for 2022/23 the Council delivered services for the year with a reported overspend at service level of £16m but a total underspend of £0.05 million after unplanned use of reserves for the shortfall.

The MTFP includes the requirement to reduce net budgets to manage costs through the delivery of the Council's core services along with the containment of cost pressures. The extent of increased demand on the council's services has impact the ability to achieve the savings, but despite this the Council's operations and finances were sufficiently flexible during 2022/23, to ensure that the Council remained financial sustainable with adequate levels or reserves.

The Council recognises it faces various risks that may have significant financial implications and holds a contingency reserve that seeks to quantify these risks, ensuring it has sufficient resources to manage these risks should they materialise, thus enabling service levels and financial resilience to be sustained.

The Council updates its Medium Term Financial Strategy (MTFs), which for 2022/23 was approved on 7 December 2021, on a regular basis and reports this to the Cabinet biannually.

The Financial Outturn Report presented in July 2023, reflected that the significant amount of pressure on the 2022/23 budget would continue to impact the 2023/24 budget. The savings achievement was at 64% of the planned savings target (of £20.7m) largest due to the overachievement of the Children's Services directorate.

The Council reported a financial gap over the medium term of £20 million, which increased to £30 million in the update reported in July 2024. The increase was as a result of increases in demand and price pressures.

These pressures also resulted in projected overspends for the 2023/24 budget and presented significant challenges in relation to the Council's ability to set a balanced budget for 2024/25 (£16.3m budget gap identified in the 2024-25 budget presented on 6 February 2024), as noted below.

Particular areas of risk to which the Council is exposed include national issues such as inflation and reduced levels of funding, alongside those areas where containing spend is challenging due to the pressures being experienced.



# Use of resources

## VFM Risk 1

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### Results (continued)

Areas such as adult social care, children's social care and temporary accommodation, in particular, are areas of spending pressure due to increased demand and costs. These pressures can be seen in the recent budget forecasts, with an outturn for 2023/24 of £19.2 million overspend being reported at 16 July 2024 before mitigating actions including unplanned use of reserves of £3.5m.

The Council considers the continued use of reserves to be unsustainable and noted some of the mitigating actions that have been taken include one off actions such as decision to develop a long-term sustainable plan, contribution towards the corporate contingency budget to offset service pressures and redundancy costs, and continued delivery against the Corporate Delivery Plan. The Council has continued to deliver the majority of its savings plan; however, the savings targets continue to grow year-on-year in order to meet the gaps.

The Council will also make use of borrowing to fund the Capital Programme, draw down from reserves (such as the Strategic Budget Planning Reserve) and also putting in place plans to reduce the underlying pressures resulting in the overspend, both in terms of managing demand as well as reducing costs.

It is critical that these actions are taken in order for the underlying pressures to be managed as the use of reserves and other one-off savings is not a sustainable approach to ensuring a balanced budget can be set and delivered for 2024/25 and future years.

For further details please refer to our VFM Commentary in the Annual Auditors Report.

### Discussion and conclusion

There is a risk that any shortfall in the delivery of savings, non-realisation of assumed government funding and failure to reduce the current funding gaps will have a negative impact on future projected targets in the MTF5.

While we have concluded this does not constitute a significant weakness in arrangements from 2020/21 - 2022/23, the Council needs to ensure that robust assessment and monitoring is in place to address this in future years.

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## Opinion on financial statements

We anticipate issuing a disclaimer of opinion on the financial statements, for the reasons detailed in the 'Executive summary' section of this report.

## Use of resources

There is a significant risk that any shortfall in the delivery of savings, non-realisation of assumed government funding and failure to reduce the current funding gaps will have a negative impact on future projected targets in the MTFS.

We recommend the council to place immediate focus on mitigating emerging budget pressures; perform an enhanced assessment on further planned savings and explore wider alternatives to the use of reserves in managing budget gaps identified within the Authority's MTFS.

These actions will help the Authority remain financially sustainable in the short-term.

## Other matters on which we are required to report by exception

We have no matters to report, other than we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for the reasons detailed in the 'Special reporting powers and duties' section of this report.

# Independence and fees

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## Independence

We confirm that the firm, and the engagement team including other BDO network firms conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard and the IESBA Code of Ethics and are independent of London Borough of Haringey.

Details of services, other than audit, provided by us to the Group during the period and up to the date of this report are set out in the table below. We have not identified any threats to our independence arising from the provision of these services.

We have not identified any other relationships or threats that may reasonably be thought to bear on our objectivity and independence.

## Fee summary

Fees in relation to the backstop are currently being determined by PSAA and a letter will follow once we are notified of the fees for the Authority.

	Fees (£)		Independence safeguards	Impact on independence
	Year ended March 2023	Year ended March 2022		
<b>Audit fees</b>	TBC	TBC	None required	N/A
<b>Additional fees</b>	-	-	None required	N/A
<b>Non-audit services:</b>				
Fees payable in respect of grant claims and other services provided during the year	7,000	7,000	None required	N/A
<b>Total fees</b>	<b>TBC</b>	<b>TBC</b>		



# Partner rotation

## Independence

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These tables indicate the rotation periods normally permitted under Public Sector Audit Appointments' (PSAA) rules on rotation of key staff, as set out in the PSAA Terms of Appointment.

It is PSAA's policy that:

- engagement leads should act for an initial period of five years. PSAA may approve engagement leads for an additional period of up to no more than two years, if it is provided with assurance that there are no considerations such that an objective, reasonable and informed third party would conclude that an auditor's integrity, objectivity or independence was or could be perceived to be compromised together with details of any mitigations
- other than in exceptional circumstances, the audit manager at an audited body should be changed at least once every seven years. PSAA will approve the appointment of an audit manager for an additional period of up to three years, provided that there are no considerations such that an objective, reasonable and informed third party would conclude that an auditor's integrity, objectivity or independence was or could be perceived to be compromised
- it is not expected that an individual should act as an engagement quality control reviewer at an audited body for a period longer than seven years.

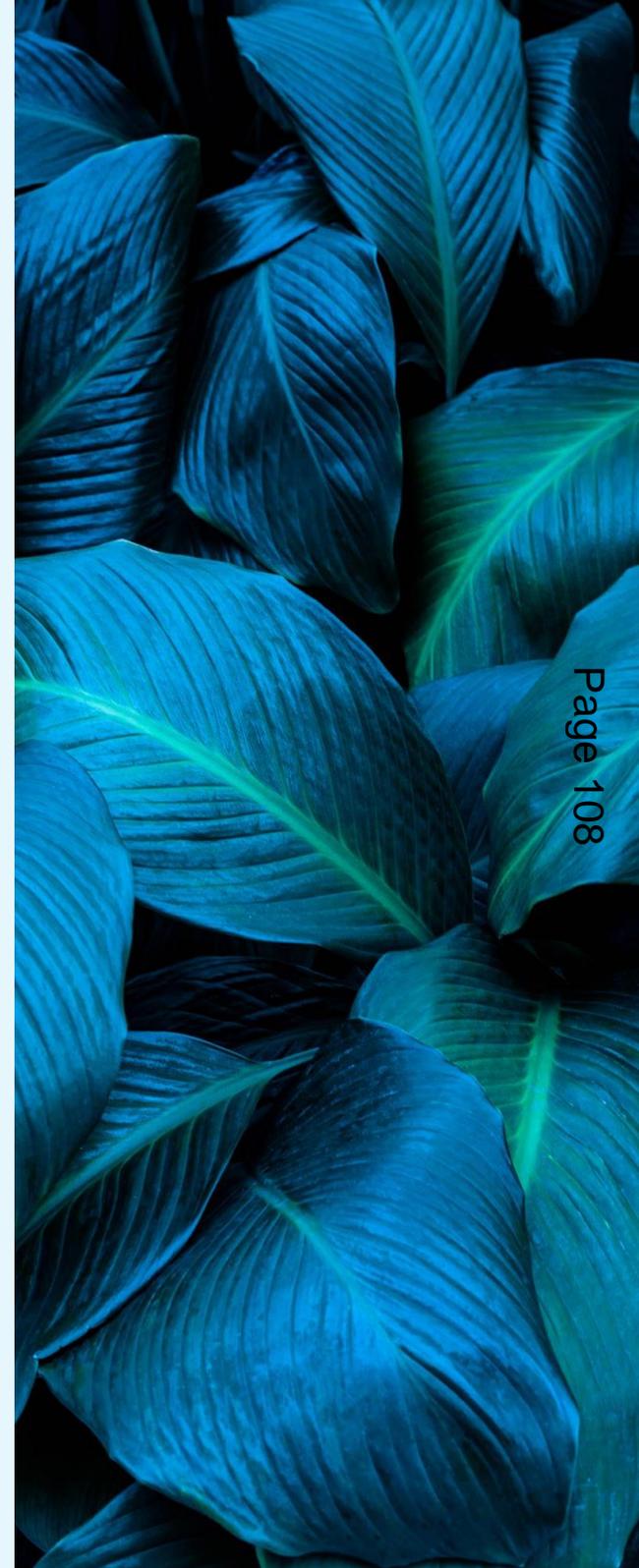
In order to safeguard audit quality, we will employ a policy of gradual rotation covering the team members below as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.

### Independence - engagement team rotation

Senior team members	Number of years involved	Rotation to take place after
Rachel Brittain Engagement Lead	3	5 years
Julie Holloway Senior Manager	3	7 years
Marco Buys Audit Manager	3	7 years

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## Those Charged with Governance (TCWG)

References in this report to Those Charged With Governance are to London Borough of Haringey as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with Minesh Jani.

## Communication

The National Audit Office has issued Local Audit Reset and Recovery Implementation Guidance (LARRIGs) to support the reset and recovery of local audit in England. LARRIG 02 states that the frequency with which matters are communicated to Those Charged With Governance may be less in the circumstances created by backstop arrangements and that it may therefore be appropriate to include all communications relevant to an audit within a single document. In line with this guidance, we have prepared a combined Audit Planning Report and Audit Completion Report.

## Auditor’s Annual Report

We will provide a commentary on London Borough of Haringey’s arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from London Borough of Haringey . The Auditor’s Annual Report is required to be published by London Borough of Haringey.

The Code of Audit Practice 2024 confirms that for incomplete audits up to and including 2022-23, the auditor may issue a combined commentary as part of a single Auditor’s Annual Report. We have therefore decided to issue a combined commentary as part of a single Auditor’s Annual Report for 2021/22 and 2022/23.

Communication required	Date (to be) communicated	To whom	Communication method
Audit Planning Report	3 December 2024	Audit Committee	Combined Audit Planning Report and Audit Completion Report
Audit Completion Report	3 December 2024	Audit Committee	Combined Audit Planning Report and Audit Completion Report
Auditor’s Annual Report	3 December 2024	Audit Committee	Auditor’s Annual Report



# Management representation letter

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BDO LLP  
55 Baker Street  
London  
W1U 7EU

Dear Sirs

## Financial statements of London Borough of Haringey for the year ended 31 March 2023

We confirm that the following representations given to you in connection with your audit of the Group and the Council's financial statements for the year ended 31 March 2023 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of the Council and other Group entities.

The Chief Finance Officer has fulfilled their responsibilities for the preparation and presentation of the Group and the Council financial statements as set out in the Accounts and Audit Regulations 2015 and in particular that the financial statements give a true and fair view of the financial position of the Group and the Council as of 31 March 2023 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

We have fulfilled our responsibilities on behalf of the Council, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of the Council's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records of the Council have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of management and other meetings have been made available to you.

### Going concern

We have made an assessment of the Group and the Council's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. As a result of our assessment we consider that the Group and the Council is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. Furthermore, we confirm that the disclosures included in the financial statements are sufficient.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on London Borough of Haringey Council's ability to continue as a going concern.

### Laws and regulations

In relation to those laws and regulations which provide the legal framework within which London Borough of Haringey Council's business is conducted, and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which I am aware and all actual or contingent consequences arising from such instances of non-compliance.

### Post balance sheet events

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.



# Management representation letter 2

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## Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have made the results available to you.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees that could have a material effect on the financial statements. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge, we are not aware of any allegations of fraud or suspected fraud that have been communicated by employees, former employees, analysts, regulators or any other party that could materially affect the financial statements.

## Misstatements

You have not advised us of any unadjusted misstatements in the financial statements or other information in the Statement of Accounts.

## Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

Other than as disclosed in note 22 to the financial statements, there were no loans, transactions or arrangements between London Borough of Haringey and members of London Borough of Haringey or their connected persons at any time in the financial period which were required to be disclosed.

## Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the financial statements.

## Accounting estimates

We confirm the following significant assumptions made in relation to accounting estimates (including fair value measurements) used in the preparation of the financial statements

a) Assumptions used by the actuary in the calculation of the pension fund liability

We confirm that the actuarial assumptions underlying the valuation of the Local Government Pension Scheme (LGPS) liabilities, as applied by the scheme actuary, are reasonable and consistent with our knowledge of the business.

b) Assumptions used for land and buildings valuations

We are satisfied that the useful economic lives of the housing stock and other land and buildings, and their constituent components, used in the valuation of the housing stock and other land and buildings, and the calculation of the depreciation charge for the year, are reasonable.



# Management representation letter 3

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We confirm that the valuations applied to council dwellings and other land and buildings revalued in the year, as provided by the valuer and accounted for in the financial statements, are reasonable and consistent with our knowledge of the business and current market prices. The rebuild costs applied for depreciated replacement cost valuations are appropriate and reflect our best estimate of replacing the service potential of the buildings.

The rebuild cost assumptions have been agreed to data provided by RICS for Building Cost Indices including Weighted Overall Cost Rate, Location, Location Factor, professional fees percentages and overall obsolescence factors applied.

## Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the requirements of accounting standards.

## Compliance with Accounts and Audit Regulations 2015

We confirm that we have complied with the requirements of sections 25 and 26 of the Local Audit and Accountability Act 2014 and sections 14 and 15 of the Accounts and Audit Regulations 2015 in respect of the public inspection of accounts.

## Confirmation

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each member has taken all the steps that they ought to have taken as a member of London Borough of Haringey in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Tarryn Eaves

Director of Finance

[date]

Cllr Erdal Dogan

Chair of the Audit Committee

[date]

# FRC Ethical Standard

Issued in December 2019

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It is now around four years since the FRC's Revised Ethical Standard 2019 ('ES') came into force. It aimed to further strengthen auditor independence and enhance confidence in the profession and was, in many ways, a precursor to the Corporate Governance and Audit Reform debate

that is still ongoing. Although the ES is now well-established it is worth taking time to reconsider some of its most important changes and ensure your internal policies and procedures are effective.

Key headlines	Impact
<b>The objective, reasonable &amp; informed third party test</b>	Reinforcement that ethical principles take priority over rules. A need to take care where particular facts and circumstances are either not addressed directly by the rules or might appear to 'work around' the rules or result in an outcome that is inconsistent with the general principles and the public interest.
<b>Contingent fees</b>	Non-audit services with contingent or success-based fee arrangements will be prohibited for audited entities.
<b>Secondments</b>	All secondments/loan staff to audited entities are prohibited with the exception of secondments to public sector entities.
<b>Recruitment and remuneration services</b>	Prohibition on providing remuneration services to audited entities such as advising on the quantum of the remuneration package or the measurement criteria for calculation of the package. In addition, the prohibition on providing recruitment services to an audited entity that would involve the firm taking responsibility for, or advising on the appointment of, any director or employee of the entity.

# FRC Practice Aid for Audit Committees

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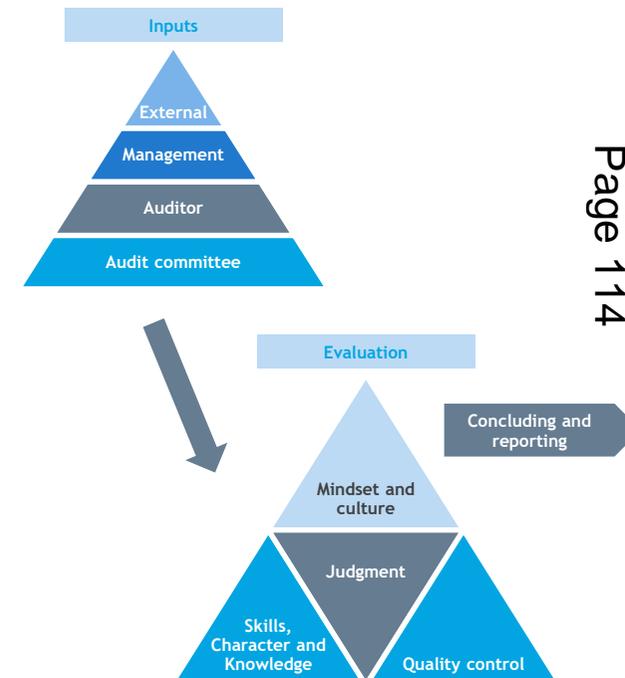
The Financial Reporting Council (FRC) issued an updated practice aid for audit committees in December 2019 and a full copy can be found on the [FRC website](#). In their practice aid the FRC note: 'The directors of a Company (the Board as a whole) are responsible for ensuring its financial statements are prepared in accordance with the applicable financial reporting framework and for overseeing the Company's internal control framework. A high-quality audit provides investors and other stakeholders with a high level of assurance that the financial statements of an entity give a true and fair view and provide a reliable and trustworthy basis for taking decisions.'

The practice aid then discusses how the role of audit committees in serving the interests of investors and other stakeholders is through their independent oversight of the annual corporate reporting process including the audit. The FRC highlight that the responsibility for appointing the external auditor, approving their remuneration and any non-audit services work, ensuring their independence and challenging them over the quality of their work falls to the audit committee and can play a key role in facilitating a high-quality audit (see note across).

It gives guidance for Audit Committees in the following areas:

- ▶ Audit tenders and the tender process including audit fee negotiations and auditor independence
- ▶ A model for use by audit committees in making an overall assessment of an external auditor including inputs, evaluations and concluding
- ▶ Transparency - reporting to the Board on how the audit committee has discharged these responsibilities
- ▶ Some guidance on key areas of audit judgement

The provision of high-quality audits are a key focus of FRC and the new Executive Director of Supervision, David Rule, sent a letter to all audit firms in November 2019 explaining the factors he would expect to see in place in order to facilitate the delivery of high-quality audits. A copy of the letter can be found on the [FRC website](#)



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## BDO is totally committed to audit quality

It is a standing item on the agenda of BDO's Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream's objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections.

BDO welcomes feedback from external bodies and is committed to implementing necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Council's Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US companies), the firm undertakes a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years.

We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our Transparency Report at [www.bdo.co.uk](http://www.bdo.co.uk)



# Our culture of challenge

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***“The Right people, supported to do the Right Work, in the Right place at the Right time. In short doing the Right thing. Always.”***

A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. While the ICAEW Code of Ethics provides guidance on how a professional accountant fulfils their duty, the focus of our firm, and auditors individually is to discharge our obligation to serve the public interest by consistently performing quality audit engagements.

Our work as auditors is fundamental to the success of the business world, enabling decisions based on transparent financial reporting that is trusted. The purpose of an audit is to help establish and maintain deserved confidence in a company, in its directors and in the information which they have responsibility to report, including the financial statements.

Quality is represented in our strategic framework in two important and distinct ways:

- The first is that we are committed to serving the public interest by consistently performing quality engagements - this is particularly important for two reasons: firstly, that it is the right thing to do and secondly, that it's required of by the international standards on quality management.
- The second commitment is to high quality, independence and ethics, which is broader than just our performance on individual audit and non-audit engagements and recognises the importance of high quality in everything we do.

Our Audit Specific Behaviours provide guidance and set consistent expectations for our auditor teams to ensure our day-to-day interactions and decision making come together to create High Performing Teams, that do the right thing. Always.

Read our latest Transparency Report on the BDO website.



# London Borough of Haringey local authority's responsibilities

## London Borough of Haringey local authority's Responsibilities and Reporting

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### Financial reporting

London Borough of Haringey is expected to have effective governance arrangements to deliver its objectives. To this end, the publication of the financial statements is an essential means by which London Borough of Haringey accounts for its stewardship and use of the public money at its disposal.

consolidation purposes, should reflect the form and content of London Borough of Haringey's financial statements, and any additional schedules or returns for e requirements of the relevant accounting and reporting framework in place and any applicable accounting standards or other direction under the circumstances.

The Section 151 Officer is responsible for preparing and filing a Statement of Accounts and financial statements which show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2022/23, applicable accounting standards or other direction under the circumstances.

Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of materially accurate financial statements.

### Use of resources

Local authorities are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at their disposal.

As part of the material published with its financial statements, London Borough of Haringey is required to bring together commentary on its governance framework and how this has operated during the period in a Governance Statement.

In preparing its Governance Statement, London Borough of Haringey will tailor the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on their arrangements for securing value for money from their use of resources.



# Our responsibilities

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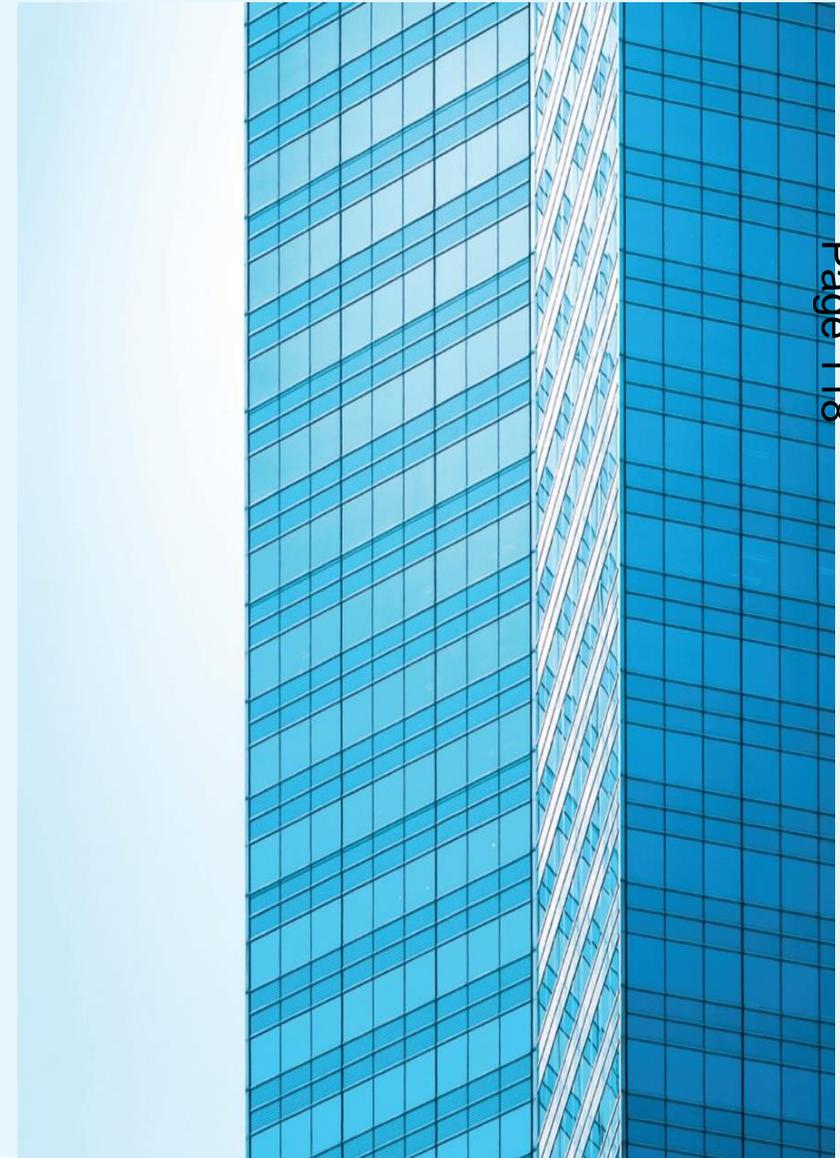
## Our responsibilities and reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements. We report our opinion on the financial statements to the members of London Borough of Haringey.

We are required to satisfy ourselves that London Borough of Haringey has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This means that we have regard to relevant guidance issued by the National Audit Office and undertake sufficient work to be able to satisfy ourselves as to whether London Borough of Haringey has put arrangements in place that support the achievement of value for money and to provide an annual commentary on arrangements in the Auditor's Annual Report.

## What we don't report

Our audit is not designed to identify all matters that may be relevant to London Borough of Haringey and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist





For more information:

**Rachel Brittain**

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m: 020 7487 3686

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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 London Borough of Haringey and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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# London Borough of Haringey

Draft Auditor's Annual Report:

Years ending: 31 March 2021, 31 March 2022, 31 March 2023

Report to the Audit Committee

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# Welcome

## Executive Summary

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This Auditor's Annual Report provides a summary of the key issues arising from our audit of London Borough of Haringey Council (the 'Authority') for the years ended 31 March 2021, 31 March 2022 and 31 March 2023.

### Financial statements

We anticipate issuing the following opinion on the Authority's financial statements on the following dates:

- Year ended 31 March 2021, disclaimed opinion by 13 December 2024
- Year ended 31 March 2022, Disclaimed opinion by 13 December 2024
- Year ended 31 March 2023, Disclaimed opinion by 13 December 2024

Where we have issued a disclaimer of opinion this reflects the fact that we were unable to complete the audits prior to the backstop coming into effect (13 December 2024).

### Value for money

We have not identified significant weaknesses in respect of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources having regard to the specified criteria in the Code.

### Other reporting

We did not consider it necessary to use our auditor powers or report on other matters.

### Objections

We are in the process of determining two objections for 31 March 2023 financial year which we are aiming to determine before 13th December 2024, however if there are any legal consideration relating to these objections it may impact on our ability to issue to audit opinion by the backstop date.

Note: this Auditor's Annual Report is presented in draft for the purposes of discussion at 03 December 2024 meeting of the Audit Committee. A finalised version will be circulated for publication following the signing of the opinions for all three years.

Draft date 29/11/2024

The contents of this report relate only to those matters which we are required to report under the NAO Code of Audit Practice (2024). This report has been prepared solely for the use of the Authority and should not be shown to any other person without our express permission in writing. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person.



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# Purpose and responsibilities

## Executive summary

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### **Purpose of the Auditor's Annual Report**

This Auditor's Annual Report summarises the key issues arising from the work that we have carried out in respect of the years ended 31 March 2021, 31 March 2022 and 31 March 2023.

It is addressed to the Authority but is also intended to communicate the key findings we have identified to key external stakeholders and members of the public.

### **Responsibilities of the Authority**

It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.

The Authority is also responsible for preparing and publishing its Statement of Accounts, which includes its financial statements, narrative report and annual governance statement.

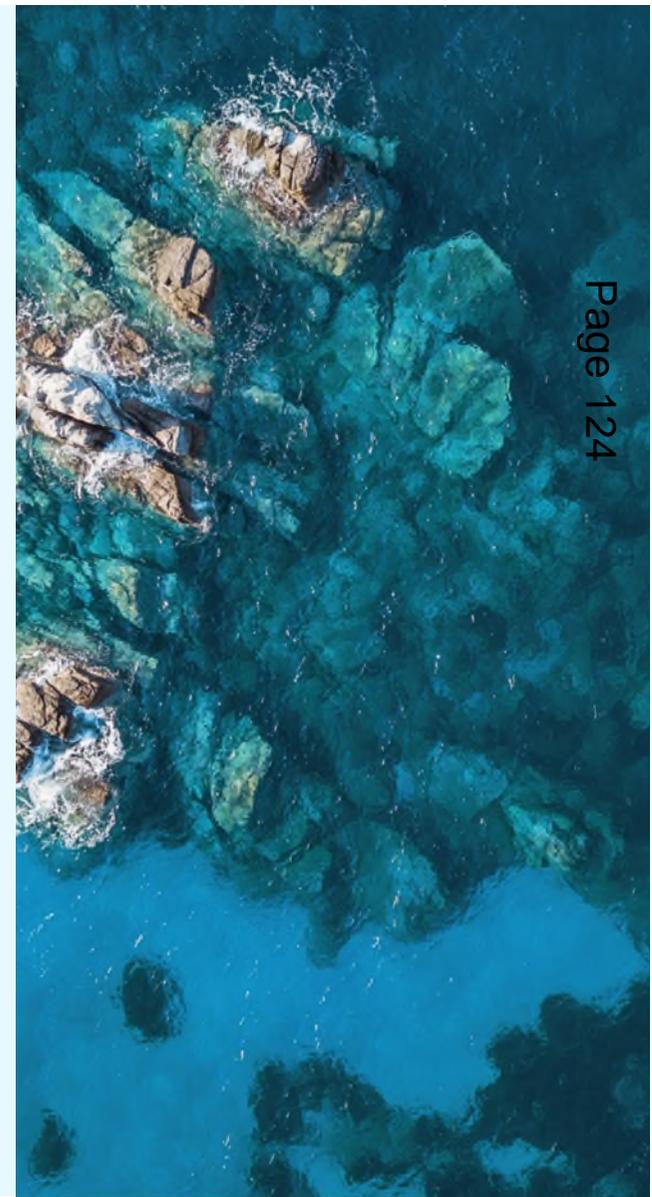
### **Responsibilities of auditors**

Our responsibility is to plan and carry out an audit that meets the requirements of the National Audit Office's (NAO's) Code of Audit Practice 2024 (the 'Code'). The full requirements of our audit are listed in Appendix 1.

### **Additional reporting powers**

The Code also identifies additional reporting powers, which are also included in Appendix 1.

We confirm that no additional reporting powers have been used.



# Financial statements

## Financial statements

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### Audit conclusion - year ended 31 March 2021, 31 March 2022 and 31 March 2023

#### Disclaimed audits

For the year(s) ended 31 March 2021, 31 March 2022 and 31 March 2023, we will be issuing a disclaimer of opinion on the financial statements by 13 December 2024 ('the backstop date').

These were disclaimed because the Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2020 by 13 December 2024 ('the backstop date'). The backstop date has been put in law to clear the backlog of historical financial statements. The conditions created by backstop arrangements have resulted in us not being able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by the backstop date.

#### Significant difficulties in undertaking the audit

Where auditors have reported under ISA(UK) 260 on delays to the audit opinion or significant difficulties encountered when undertaking their work, these should be reflected in the Auditor's Annual Report unless the auditor judges that public disclosure would not be appropriate. We have not experienced any such difficulties.



# Value for Money

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### Scope

We are required to review and report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in these arrangements, we are required to report this in the auditor's report included in the financial statements and to make recommendations for improvement.

### Specified criteria

The NAO has issued guidance for auditors to report against two specified reporting criteria:

- Financial sustainability - planning and managing resources to ensure the Authority can continue to deliver its services
- Governance - informed decisions and properly managing risks

The Code also includes a number of further areas for review within each criteria to allow the auditor to assess those arrangements.

This scope covers audits for the years 2020/21 to 2022/23 inclusive and represents a reduction in scope compared to the 2020 Code previously in force.

### Risk assessment

Our risk assessment identified one risk of potential significant weakness, as follows:

- MTFS - The financial challenges the Authority faces pose a significant risk to its overall financial sustainability in the short term. See our assessment noted from slide 10 for financial sustainability

### Note on status of Code of Audit Practice (2024)

The Code of Audit Practice (2024) was laid in Parliament in September 2024 and became effective on 14 November 2024. Our work is reported in line with the requirements of this revised code (see overleaf).



# Value for Money

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### Audit conclusion

We have not identified significant weaknesses in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

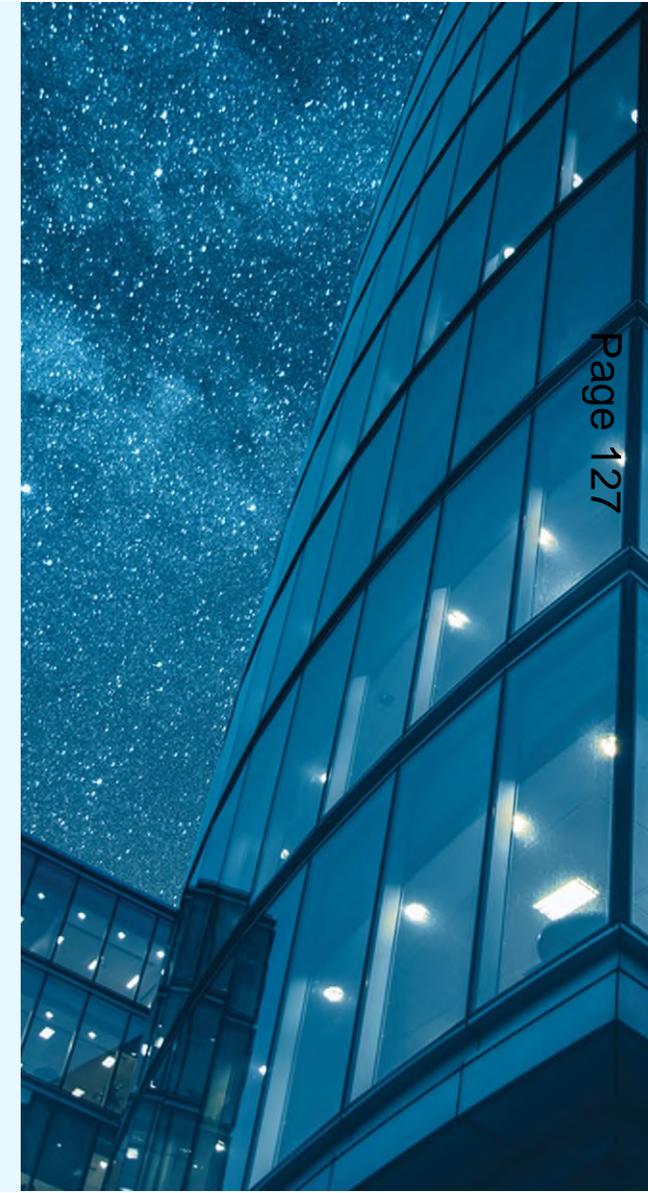
We did not identify actual significant weaknesses during our work on potential significant weaknesses. The financial challenges the Authority faces pose a significant risk to its overall financial sustainability in the short term.

### *Other matters on which we report by exception*

We have been unable to satisfy ourselves that the Annual Governance

We have nothing to report in respect of these matters, except that because of the significance of the matter described in the Basis for disclaimer of opinion section of our auditors report, we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We had no other matters to report by exception in the audit report on the financial statements. We also have no matters to report in our closing audit certificate, on completion of our work on the Authority's value for money arrangements.



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### Auditor's commentary on arrangements

#### Areas reviewed

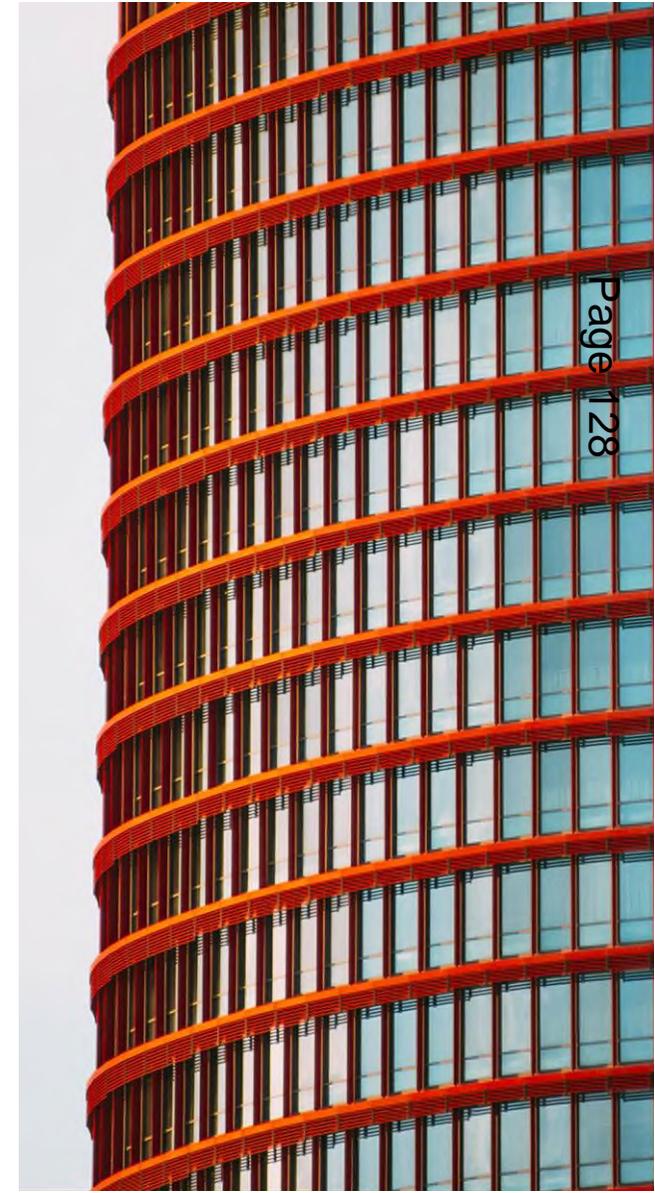
- *How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;*
- *Plans to bridge funding gaps and to identify achievable savings*
- *How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities*
- *How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system.*
- *How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.*

There are a number of elements to the Council's processes for identifying pressures. Monthly budget monitoring occurs to identify pressures which will impact the annual budget and MTFS in future years. The reports assess the operational budget variances, and therefore the potential impact on future years. In addition, in the current climate there is an extra assessment of COVID pressures and where they are systematic in nature or will they cease at the end of the pandemic.

Finance representation at management teams across the organisation. External communications and research across the sector. The Director of Finance (S151 officer) is experienced and attends regular finance collaboration meetings with other CFOs.

The council keeps a risk register which is reviewed by the Cabinet and consideration of key risks forms part of the annual budget setting and MTFS process.

The MTFS comprises two key elements: (i) an assessment of the resources available to the Council over the medium term, and (ii) an assessment of spending pressures based on existing levels of service delivery, known policy/legislative changes and demand driven service pressures.



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The outturn for July 2023/24 (presented to Cabinet in July 2024) the financial planning process for 2025/26 and across the medium term is already underway and the Council is facing at least a £30m budget gap for the next four years, of which at least £17m is in 2025/26. Ongoing use of reserves to balance the budget is no longer sustainable and therefore positive and timely progress on identifying deliverable budget solutions is critical. This was as a result of increases in demand as well as pay and price pressures. These pressures also resulted in projected overspends for the 2023/24 budget and present significant challenges in relation to the Council's ability to set a balanced budget for 2024/25.

Particular areas of risk to which the Council is exposed include adult and children's social care and temporary accommodation due to increased demand and costs.

These resulted in a forecast budget overspend for 2024/25 of £16.3 million as at December 2023. The Council took action to respond to these pressures and the projected overspend as at 6 February 2024 has reduced to £10.4 million, and a drawdown of reserves of £5.9m to balance the budget. The gap was driven largely by Adult social care, Temporary accommodation, and Children's services. The funding gap was also impacted by £3.7m less awarded to the Council by Provisional Local Government Finance Settlement (PLGFS). Some of the mitigating actions included a due diligence against key corporate budgets (such as pay, general inflation, treasury, borrowing and the main contingency budgets). Forecasts showed improvements in the amount of interest received, Concessionary fares and non-pay inflation, and the Capital programme was also reviewed.

Following this exercise and management actions additional directorate savings of £4.7m were identified (£13m over the MTF period). A further £3.5m improvement on Adult Social Care Services budgeted client contributions were identified. The final budget report was taken to Full Council on 4 March 2024 and indicate that the council had an overspend of £20m on the 2023/24 budget, partially mitigated by the use of £7m contingency reserves, and planned to use the £5.9m reserves for the 2024/25 budget. For 2024/25 the council had £23m available in usable reserves with £15m in general fund reserves. The council continues to

experience overwhelming pressures on their budgets and has relieved upon Reserves to address the budget gaps. The council is aware that the position is not sustainable but it has continued to deteriorate and is projected as such in future years. This is evident of a weakness in arrangements.

The Council has a good track record of achieving its savings plans and has both delivered savings and achieved its forecast outturn with few variances. The Council set a balanced budget for 2020/21 with a planned use of reserves of £5.4m to balance the 2021/22 budget. However, in 2022/23 the Council delivered services for the year with a reported overspend at service level of £16m but a total underspend of £0.05 million, with an unplanned use of reserves for the shortfall.

The savings delivery in 2020/21 was nil and in 2021/22 was comparatively low due to Covid which resulted in a number of savings programmes being paused. Delivery in 2021/22 required £1.94m saving but ended up with just a £1.68m draw down of reserves with £12.23m savings required identified for 2022/23. In 2022/23 55% of savings were delivered.

We are therefore satisfied that processes to deliver and monitor savings are adequate. We have also obtained an update on delivery of savings in 2022/23 and 2023/24 to date - this shows that savings in 2022/23 were above 80% and the forecast for 2023/24 is 88%. However, the savings level requirements continue to be challenging as they have increased substantially since 2020/21.

The Council maintains a general fund balance, which at 31st March 2023 was £15.8 million and has usable earmarked reserves of £101.9million. The general fund balance has reduced in 2023/24 and now sits at £15.17 million.

The Council has a Corporate Plan which is used as the base of the MTF. The Council consults widely on the Corporate Plan, which is Council's strategic high-level and articulates its goals and priorities over the medium term. All responses are considered carefully by officers. The last Corporate Plan covered the period 2024 to 2026.

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The Council considers and reflects the implications of all key strategies and priorities (including the corporate plan) within the delivery of its medium term and annual budget processes. The process is referenced within the Appendices of the MTFS. The MTFS plans finances into the future.

Our review of the MTFS as part of our Going Concern assessment has concluded that the Council is prudent in its estimates in relation to receiving grants and acknowledge that they will be getting less funding from central government. The Council has also implemented an efficiency/transformation plan in order to meet the funding gap over the medium term and ensure the future sustainable delivery of services.

In terms of financial performance during the years 2020/21 (£0.1m net underspend after the use of £4.5m in reserves), 2021/22 (£0.419m underspend, after the planned use of £12.8m reserves), and 2022/23 (the year end position worsened by £1.7m with a variance of £16.4m, and ultimately a small net underspend of £0.048m) had required the use of planned reserves drawdown to balance the budget. Management are aware that this approach is not sustainable and have put measures in place to reduce the overspend:

- (i) holding vacant posts where possible recognising that reducing this spend may well put pressure on service delivery,
- (ii) reducing capital programme spend and borrowing costs and other corporate mitigations,
- (iii) continued scrutiny of all spend and opportunities to maximise efficiencies.

Following the actions noted above, by Quarter 4 the Council generally manages to reduce the budget gaps as noted in the Provisional Outturn, however for 2022/23 provisional outturn management noted that the position at Quarter 4 had worsened, and suggested a continued trend was likely to continue into 2023/24.

However, we note that the 2023/24 provisional outturn shows an

improved position at year end with of £1.6m reduction in the variance to £19.2m which necessitated the use of unplanned reserve drawdown in addition to the budgeted use of reserves of £3.5m. The 2024/25 budget shows a £16.3m budget gap at December 2024 against which the Council is seeking to deliver £10.4m of savings and £5.9m of the Strategic Planning Reserve. The Council has noted the increased pressures in Adult social care have been large drivers in the overspend each year. This shows a continuous weakness in the arrangements.

The Council's General Fund balance as at:

- \* 31 March 2021 - £15.897m
- \* 31 March 2022 - £16.246m
- \* 31 March 2023 - £15.802m

All three years show the GF balance to be higher than the £15.8m recommended by the Chief Financial Officer for 2021/22. This level at 31 March 2024 was £15.141m and is forecast to be at £15.17m at 31 March 2025, which remains above the updated minimum level recommended by the Chief Financial Officer.

The General Fund balance is risk assessed and as such incorporates risk related to inflation and more general cost pressures. This approach is reassessed regularly throughout the year. One of the main area of overspend for the Council has traditionally been in relation to social care which is demand led and more difficult to control. The Council therefore holds a reserve for Social Care pressures above the budget, which was £2.137 million in 2021/22. As noted above, this reserve has been utilised during 2023/24 to deal with the pressures in this area.

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The Council has a Local Plan (Strategic Policies 2013-2026) which along with its Corporate Delivery Plan which taken together generally cover a period of 3 years (2022-2023, and 2024-2026), and is part of the Council's commitments set out in the "Haringey Deal". The Haringey deal replaces the "Borough Plan (which ran from 2019 to Jan-23) is the Council's commitment to both designing council services and developing relationships with the community. During 2024 the Council launched a new 1- year strategic vision called the "Borough Vision" providing an overarching framework for joint working with partnerships.

The plans require consultation with the public and are subject to scrutiny at the various committees before being approved by Full Council. All of the plans are reflected within and consistent with the MTFs and are subject to regular review in the various committees. These committees highlight if there are potential inconsistencies in plans or concerns about the financial impact of plans or decisions.

We note from the MTFs that there has been some slippage on the following areas:

- 20/21 outturn on the base budget had a small £0.1m underspend due to the utilisation of the budget contingency transfer from reserves to address the £4.5m gap. For DSG there was a £6.8m overspend (due to High Needs Block and other factors), which was added to the £10m existing deficit. The revised capital outturn budget had a £179.8m spent (i.e. 33% of the approved budget), and for the HRA there was a £104.2m spent (35% of the budget) both were largely attributed to the lack of opportunity due to the pandemic. The HRA revenue had a £13.9m surplus due to collection rate increases.

- 21/22 Outturn which had a £16m overspend on two social care directorates and a £3.7m overspend on DSG. There was also a large underspend on the Capital programme outturn of £214m (being 48% of the approved budget) and was stated as being due to the uncertainty of the timing of the expenditure.

- 22/23 Outturn reflected slippage overall for Directorate budgets with a variance to budget of £16.4m (the majority relating to two social care directorates), but with the use of the corporate contingency

budget the Council was achieved a small underspend and is aware that the use of one off reserves are not sustainable. Another key driver is the increased inflation, other running costs, as well as pressure on staff pay and recruitment. The DSG overspend was £3.12m (largely due to the high needs block) but the Council expects to reach a positive position on the DSG deficit by 2027/28 through the development of a DSG Management Plan (cumulative deficit at 31/3/23 was £11.87m). The Housing revenue account variance was £2.579m due to the reduction in dwellings rental income. The capital programme outturn was £91.9m (64%) where there have been some delays in acquiring property due to the uncertainty around the Reinforced Aerate Autoclave Concrete in Children's programme. The HRA spent £142.2m (50%) of its revised capital budget due to the paused or delayed schemes. This is not uncommon and does not indicate a weakness in arrangements given the continuous slippages and the extent thereof.

During 2021/2022, regular monthly monitoring meetings with Directors and Portfolio Holders have taken place to ensure timely action was taken to address emerging budget issues and in particular proactive action to avoid and address potential overspends. Full Council and Cabinet have been kept informed of the budgetary position for both Revenue and Capital budgets through quarterly Finance Updates reports.

The Council's Transformation Programme was approved by the Executive in October 2020 to address the funding gap over the medium term and incorporated a number of themes. The Programme is monitored and there is clear oversight of its current and forecast position. This has been updated as part of the 2023/2024 budget setting process. The plans for the delivery of the Programme are well under way with a number of key themes evident; efficient business processes harnessing the Council investment in technology, continued supplier engagement to explore new and more cost-effective ways of procuring services, building on those changes that have arisen during the crises, such as greater agile working, and Directorate Service Proposals (DSPs) that look at what and how specific services are delivered.

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The Council holds reserves to deal with in year unplanned events. These balances are reviewed each year and realigned as required dependent on the perceived level of risk. This review includes an assessment of the external environment, internal known challenges and the level of savings needing to be delivered in year.

We note that this level was maintained despite the impact of uncertainty due to Covid.

There is a risk management strategy in place. All Members, senior leaders, employees and partner organisations have a role to play in ensuring that risk is effectively managed. Risks assessments are undertaken for all services in line with the strategy. The Audit Committee will then provide independent assurance for the Council's risk management and periodically review the risk register.

### Conclusion:

While we have concluded that the shortfall in the delivery of savings, non-realisation of assumed government funding and failure to reduce the current funding gaps will have a negative impact on Council in the medium to long-term, we do not believe it constitutes a significant weakness in arrangements from 2020/21 - 2022/23. The Council needs to ensure that robust assessment and monitoring is in place to address this in future years.



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## Auditor's commentary on arrangements

### Areas reviewed

- *How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud..*
- *How the body approaches and carries out its annual budget setting process.*
- *How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed.*
- *How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee*
- *How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)*

The Cabinet is the main decision-making body of the Council, carrying out all local authority functions that are not the responsibility of any other part of the authority.

Throughout the period, key elements of this remit include:

- Review of updates from internal and external audit, including plans, progress reports and the results of work
- Review of strategic risk register and associated policies
- Key financial indicators
- Treasury Management Strategy
- Fraud and corruption arrangements

The cabinet hold regular meetings throughout the year which covers the finance updates and other urgent matters affecting the council. In addition, discussion of outturn reports, completed budgets as well as budget monitoring all takes place during these meetings. Various other committees are responsible for functions which are then presented and fed back to the cabinet. This demonstrates appropriate awareness of the cabinet regarding the operations of the council and provides effective challenge to various committees which in turn results in thoughtful decision-making





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The audit committee oversees the council's financial reporting, internal controls, and risk management processes to ensure they are effective. It also reviews the council's financial statements, monitors internal and external audit findings, and ensures any issues raised are addressed promptly. Additionally, the committee advises on improving governance structures and financial practices, providing oversight to the council's management and operations. Overall, it ensures the council operates efficiently, ethically, and in compliance with legal and regulatory requirements.

There is a systematic programme of internal audit work. The Authority's head of internal audit opinion was:

- 2020/21 Adequate Assurance
- 2021/22 Adequate Assurance
- 2022/23 Adequate Assurance

This demonstrated that the council had generally sound control framework in place.

The internal audit plan was designed to be flexible, and reviews have moved in and out of the work programme during the year to accommodate the Council's changing risk profile and ability to obtain assurances from other reliable sources.

We reviewed the Head of Internal Audit opinion for all three years. We assessed whether there are any potential significant weaknesses in the Authority's arrangements, particularly focusing on the 'limited and no assurance' internal audit reports with high-risk or high-priority findings.

Notably, in the prior year Haringey's schools required improvement whereas in 2020/21 significant improvement was noted for schools. No schools in 2020/21 were assigned a "nil" assurance. The two schools from 2019/20 which had a nil assurance both demonstrated significant improvement. The report confirmed that 15 out of 17 schools received "adequate or above assurance rating.

A key element to ensuring corrective action is undertaken is through implementing internal audit recommendations, particularly where these are high priority or linked to areas where limited and/or "No" assurance has been given. The Audit Committee received regular updates from internal audit including periodic updates over the status of recommendation implementation. Internal audit reports concluded 'Adequate assurance' and some internal audit reports concluded 'limited assurance'. Although these represented a relatively small subset of overall reports.

In 2020-21, internal audit indicated areas which assurances were not adequate which were:

Declaration of interest, arrangements for letting contracts, contract management, purchase cards, management of cyber risks, contract waivers, brokerage, IT disaster recovery, property acquisition and disposal, health and safety and safeguarding. No critical issues were identified during this period.

In 2021/22 the head of internal audit confirmed that there were areas where assurances were not adequate which were: Mental Health Assessments; Elective Home Education; Deprivation of Liberty; Payroll, Recruitment of Temporary Agency Workers, New River Leisure Centre, Building Compliance (Corporate and Schools), Compliance with the ICO Accountability Framework, Cyber Security, Council Tax, Use and Control CCTV, Building Compliance and Contract Management.



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In 2022/23 the head of internal audit confirmed that there were areas where assurances were not adequate which were Management of Trees; Delivery of Climate Change Action Plan; Stocks and Stores; Delivery of Medium Term Financial Savings; Gas Safety; Payroll, Early Years Commissioning, Management and Control of Anti-Social Behaviour; Accounts Payable; Customer Pathway Arrangements (Repairs) Recruitment, Retention and Leavers, Delivery of SEN Improvement Plan, Stock Condition Surveys, Business Continuity Planning, Parking System Implementation, IT Strategy, Homelessness / Temporary Accommodation, Leasehold Consultation Process (S20), Management and Control of the Contract Register, Application Review of Tech Forge application, Fleet Contract Management and Estate Management and Commercial Property.

The budget setting process takes place on an annual basis. For the period under review this has been finalised in February 2020 for the financial year ahead, with reports in all cases being taken to the Cabinet and Full Council committee. In practice much of the consultation takes place earlier in the year which we confirmed through our review of December 2019 minutes.

The budget reports are supported by detailed analyses and appendices including estimates over business rates income, pay policy statements, revenue profile, general fund budget business plans, earmarked reserves projections, the strategic risk register, review of robustness of estimates and adequacy of proposed financial reserves, capital schemes, capital and investment strategy and treasury management strategy.

These outputs are referred to and summarised in the main body of the Medium-Term Financial Strategy. Ultimately this supports the reporting of timely information and the identification of matters requiring corrective action. This is also supported by interim updates on the MTFs, and outturn reports.

There is a workforce Plan (2019-2023) in place and is part of the delivery arrangements with reports to Staffing and Remuneration Committee. Updated policies and procedures underpin the Council's human resource requirements. Delivery of Council objectives is

monitored by the management teams. Resourcing of programmes has been undertaken to ensure the appropriate mix of resources and skills are in place for each programme.

The council made a self-referral to the regulator of social housing in January 2023 as it had identified a failure to meet statutory health and safety requirements in some of its homes. The council did not complete the fire and electrical safety checks for every property which needed one and a high number of fire remedial actions were overdue. The investigation noted that a significant proportion of LB Haringey's properties do not meet the Decent Homes Standard. The Council has demonstrated to the regulator that it now understands the work it needs to undertake to resolve the issues, both in relation to its compliance with the Decent Homes Standard and to ensure all relevant safety actions are completed. The Council has started to put in place an urgent programme to rectify these failures. The regulator will work with the Council as it continues to address the issues which have led to this situation, including ongoing monitoring of how it delivers its health and safety and decency programme. The regulator will continue to keep use of statutory powers under regular review through their engagement with the Council.



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In addition, the Council had an OFSTED review of children services throughout years 2021- 2023. This regulator only relates to schools and child-minding centres. The Council will be responsible for state-funded schools and thus this regulator is applicable. The assessment was carried out between 13 and 24 February 2023.

The assessment aimed to evaluate the effectiveness, quality and impact of the Council's services in supporting children who need help, protection and care. It reviews the experiences and progress of children in care and focuses on identifying the impact of various issues such as parental mental illness, domestic abuse, substance misuse, exploitation, and neglect, and are informed by children's views and those of partner agencies.

The impact can be seen in children's improving attendance levels and achievement, a reduction in suspensions from school, and a decrease in the proportion of young people not in education, employment, or training. The virtual school service provides relevant training for social workers, foster carers, and designated leads. Considering the challenges many pupils in care face, more can still be done to support better educational outcomes, especially for those in primary school and older pupils in key stage 4.

Almost all Personal Education Plans (PEPs) are completed in a timely way. Most of these plans contain measurable and meaningful steps for each child. Recruitment of foster carers is improving. Recruitment in the last year has increased the number of foster carers available.

Social workers and personal advisers keep in touch with young people and offer the support that they

need, when they need it. They visit young people regularly to develop trusting and caring relationships. This includes young people in custody. This demonstrates the strides taken by the Council to improve children's services and implementing recommendations.

### Conclusion

The Council has adequate arrangements to identify and monitor risks and make informed decisions. However, the issues highlighted in this report, particularly those from the internal audit review with limited and 'no' assurance and high-risk and priority findings, need improvement and continued focused monitoring.



# Recommendations

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Our VFM work for 2020/21 to 2022/23 has not identified significant weaknesses in the Authority’s Governance arrangements. However, we have identified opportunities for the Authority to improve their Governance arrangements and have made recommendations accordingly. These are detailed in the table below. The recommendations raised below are split according to each internal audit review area with limited and no assurance, highlighting high priority/risks identified. However, they fundamentally relate to similar governance arrangements around internal controls of the Authority.

	Area for continued focus	Year affected	Significant weakness noted?	Recommendation	Management response
1	Financial Sustainability	All	No	The Council needs to ensure that robust assessment and monitoring is in place to continue to highlight and respond to significant financial challenges as the arise.	TBC
2	Follow-up of internal audit recommendations	All	No	Ensure that IA recommendations are monitored for timely implementation to ensure a robust system of internal control.	TBC

# APPENDIX 1 - Additional Reporting Powers

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Our responsibility is to plan and carry out an audit that meets the requirements of the National Audit Office's (NAO's) Code of Audit Practice - 2024 (the 'Code').

Under the Code, we are required to review and report on the following:

- To be satisfied that the accounts 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 statement of accounts and that the statement presents a true and fair view
- To be satisfied that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- To express an opinion on the accounts
- To certify completion of the audit
- Where appropriate, to give an opinion on the part of the financial statements that relates to a pension fund maintained by the authority under regulations under Section 1 of the Public Service Pensions Act 2013
- To consider whether to issue a report in the public interest
- To consider whether to make a written recommendation to the audited body, copied to the Secretary of State

The Code also defines a number of additional powers and duties

- To give electors the opportunity to inspect and raise questions about the accounts and consider and decide upon objections received in relation to the accounts
- To apply to the court for a declaration that an item of account is contrary to law
- To consider whether to issue an advisory notice or to make an application for judicial review
- To comply with the Code of Audit Practice prepared by the Comptroller and Auditor General and approved by Parliament
- To have regard to any statutory guidance to auditors issued by the Comptroller and Auditor General



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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 company and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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Report to the Audit Committee

# LONDON BOROUGH OF HARINGEY PENSION FUND

Audit Completion: year ended 31 March 2021

IDEAS | PEOPLE | TRUST



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# WELCOME

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We have pleasure in presenting our Audit Completion Report to the Audit Committee. This report is an integral part of our communication strategy with you, a strategy which is designed to ensure effective two-way communication throughout the audit process with those charged with governance.

It summarises the results of our audit of London Borough of Haringey Pension Fund for the year ended 31 March 2021, including areas requiring further discussion and/or the attention of the Pension Committee. At the completion stage of the audit it is essential that we engage with the Audit Committee on the results of our audit of the financial statements comprising: audit work on key risk areas, including significant estimates and judgements made by management, critical accounting policies, any significant deficiencies in internal controls, and the presentation and disclosure in the financial statements.

We look forward to discussing these matters with you at the Audit, Governance and Standards Committee meeting and to receiving your input. In the meantime if you would like to discuss any aspects in advance of the meeting we would be happy to do so.

We would also like to take this opportunity to thank the management and staff of the Pension Fund for the co-operation and assistance provided during the audit.

**Ciaran McLaughlin**, Partner  
for and on behalf of **BDO LLP**, Appointed Auditor

25 November 2024



**Ciaran McLaughlin**  
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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. This report has been prepared solely for the use of the Audit, Governance and Standards Committee and Those Charged with Governance. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.

# OVERVIEW

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This summary provides an overview of the audit matters that we believe are important to the Audit, Governance and Standards Committee in reviewing the results of the audit of the financial statements for the year ended 31 March 2021.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.



### Overview

Our audit work on the financial statements has been concluded.

### Circumstances that affect the form and content of the auditor's report

There has been a deterioration in the timeliness of local audit in recent years leading to a persistent and significant backlog of audit opinions. Across England, the backlog of outstanding audit opinions stood at 771 at 31 December 2023 and was estimated to increase to around 1,000 this year. In February 2024, the Department for Levelling Up, Housing and Communities published 'Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit'. This joint statement confirmed that:

"The issues facing local audit are widely recognised as multi-faceted and complex with no single cause or solution".

The factors contributing to the delay in issuing an audit opinion on the financial statements of London Borough of Haringey Council for the year ended 31 March 2021 include, but are not limited to:

- increased regulator expectations on auditors
- difficulties in attracting, developing and retaining staff to perform local audit work
- the impact of the Covid-19 pandemic
- The Pension Fund decided to no longer provide audit evidence or respond to audit queries in 2024 as a result of the backstop.

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Over the last year, organisations involved in the regulation and oversight of local body financial reporting and audit have been working collectively to agree a proposed solution to clear the outstanding historical audit opinions and ensure that delays do not return.

To clear the backlog of historical accounts and ‘reset’ the system, the Accounts and Audit (Amendment) Regulations 2024 require local bodies to publish audited financial statements for all outstanding years up to and including 2022/23 by 13 December 2024 (‘the backstop date’). In addition, the National Audit Office has made changes to the Code of Audit Practice to require local auditors to comply with backstop dates by giving their opinions in time for audited accounts to be published.

The backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Consequently, this prevents us from meeting the overall objectives of an audit as set out in ISA (UK) 200 ‘Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing’. Therefore, the backstop date has created circumstances which require us to consider modifying our opinion on [insert name of local authority]’s financial statements.

### Significant difficulties encountered during the audit

ISAs (UK) require us to report to you any significant difficulties we have encountered during the audit. As previously outlined, the backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Therefore, the backstop date represents a significant difficulty that we have encountered during the audit.

The Accounts and Audit (Amendment) Regulations 2024 require Haringey Pension Fund to publish audited financial statements for the year ended 31 March 2021 by 13 December 2024. We have not able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by this date. As a result, we are unable to conclude that Haringey Pension Fund’s financial statements for the year ended 31 March 2021 as a whole are free from material misstatement. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

### Audit report

We anticipate issuing a disclaimer of opinion on the financial statements as set out on page 28.

# THE NUMBERS

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### Final materiality

Financial materiality was determined based on 1% of net assets. Specific materiality (at a lower level) was set for the fund account balances (excluding changes in market value of investments) and this was based on 5% of contribution receivable in the Fund Account.

Following the receipt of the draft financial statements for audit, materiality was unchanged at £16 million.

Specific materiality for the Fund Account was £2.4 million and reflects actual gross expenditure recognised in the statement of accounts presented for audit. The percentage threshold applied remained at 5%.

### FINANCIAL STATEMENTS MATERIALITY



### FUND ACCOUNT MATERIALITY



### Material misstatements

Two misstatements were identified which exceed the clearly trivial threshold. Refer to page 14.

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### Financial reporting

- We have not identified any non-compliance with accounting policies or the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21
- No significant accounting policy changes have been identified impacting the current year
- Going concern disclosures are deemed sufficient
- The Annual Report and other information included in the Statement of Accounts with the financial statements is consistent with the financial statements and our knowledge acquired in the course of the audit.

### Other matters that require discussion or confirmation

- Control deficiency identified in relation to logical access controls over the Altair IT applications (see page 20)
- Confirmation on fraud, contingent liabilities and subsequent events
- Letter of representation (see page 31)

### Independence

We confirm that the firm and its partners and staff involved in the audit remain independent of the Council in accordance with the Financial Reporting Council's (FRC's) Ethical Standard.



# AUDIT RISKS OVERVIEW

As identified in our Audit Planning Report dated 8 November 2021 we assessed the following matters as being the most significant risks of material misstatement in the financial statements. These include those risks which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the engagement team.

Audit Risk	Risk Rating	Significant Management Judgement Involved	Use of Experts Required	Error Identified	Control Findings to be reported	Discussion points / Letter of Representation
Management override of controls	Significant	Yes	No	No	No	No
Valuation of investments (infrastructure and private equity)	Significant	Yes	Yes	Yes, unadjusted	No	No
Pension Liability Valuation	Significant	Yes	Yes	No	No	No
Valuation of investments (other)	Normal	No	No	No	No	No
Contribution receivable	Normal	No	No	No	No	No
Benefits payable	Normal	No	No	No	No	No

 Areas requiring your attention



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# MANAGEMENT OVERRIDE OF CONTROLS

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ISA (UK) 240 notes that management is in a unique position to perpetrate fraud

Significant risk	
Normal risk	
Significant management judgement	
Use of experts	
Unadjusted error	
Adjusted error	
Additional disclosure required	
Significant control findings to be reported	
Letter of representation point	

## Risk description

Management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively. We are required to consider this as a significant risk of material misstatement due to fraud.

## Work performed

We carried out the following planned audit procedures:

- Reviewed and verified journal entries made in the year, agreeing the journals to supporting documentation; determined key risk characteristics to filter the population of journals; and used our IT team to assist with the journal extraction
- Reviewed estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias
- Reviewed unadjusted audit differences for indications of bias or deliberate misstatement.

## Results

Our work was not able to be concluded as noted earlier in the report.

We are therefore not able to conclude on this risk.

# PENSION LIABILITY VALUATION

The valuation of the pension liability is a significant risk as it involves a high degree of estimation uncertainty.

Significant risk	
Normal risk	
Significant management judgement	
Use of experts	
Unadjusted error	
Adjusted error	
Additional disclosure required	
Significant control findings to be reported	
Letter of representation point	

## Risk description

An actuarial estimate of the pension fund liability to pay future pensions is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the most up to date membership data held by the Pension Fund and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.

The most recent actuarial valuation of the pension fund liability was carried out during the 2019/20 year to calculate the liability as at 31 March 2019. This involved the provision of membership and cash flow data from the pension fund to the actuary, data cleansing by the actuary and re-setting the financial and actuarial assumptions related to the valuation. The estimate of the pension fund liability at 31 March 2021 is based on a roll-forward of data from the 2019 triennial valuation, updated where necessary.

There is a risk the valuation disclosed in the notes to the Pension Fund accounts is not based on appropriate membership data (where there are any significant changes) or uses inappropriate assumptions to value the liability.

## Work performed

We carried out the following planned audit procedures:

- Reviewed the controls in place to ensure that the data provided from the fund to the actuary is complete and accurate;
- Tested a sample of membership and cash flow data sent to the actuary for existence and accuracy, and reconcile the membership data sent to the actuary to the membership administration system for completeness;
- Reviewed the reasonableness of the assumptions used in the calculation against other local government pension fund actuaries and other observable data. We used the PwC consulting actuary report for the review of the methodology of the actuary and reasonableness of the assumptions;
- Checked whether any significant changes in membership data have been communicated to the actuary; and
- Agreed the disclosure to the information provided by the actuary.

## Results and conclusions

Our work was not able to be concluded as noted earlier in the report. We were not able to test the Pension liability valuation key assumptions so cannot conclude on the reasonableness of assumptions.

We are therefore not able to conclude on this risk.

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# FAIR VALUE OF INVESTMENTS (INFRASTRUCTURE AND PRIVATE EQUITY)

## The valuation of Infrastructure and private equity holdings is a significant risk as it involves a high degree of estimation uncertainty

Significant risk	
Normal risk	
Significant management judgement	
Use of experts	
Unadjusted error	
Adjusted error	
Additional disclosure required	
Significant control findings to be reported	
Letter of representation point	

### Risk description

The investment portfolio includes unquoted infrastructure and private equity holdings valued by the fund manager. The valuation of private equity assets may be subject to a significant level of assumption and estimation and valuations may not be based on observable market data.

In some cases, the valuations are provided at dates that are not coterminous with the Pension Fund's year end and need to be updated to reflect cash transactions (additional contributions or distributions received) since the latest available valuations.

As a result, we consider there to be a significant risk that investments may not appropriately valued in the financial statements

### Work performed

We carried out the following planned audit procedures:

- Obtained direct confirmation of investment valuations from the fund managers and requested copies of the audited financial statements (and member allocations) from the fund; and confirmed that appropriate adjustments have been made to the valuations in respect of additional contributions and distributions with the funds where the financial statement date supporting the valuation is not coterminous with the Pension Fund's year end
- Where the financial statement date supporting the valuation was not coterminous with the pension fund's year end, we confirmed that appropriate adjustments have been made to the valuations in respect of additional contributions and distributions with the funds; and
- Ensured investments have been correctly valued in accordance with the relevant accounting policies.

### Results

We identified one unadjusted error as reported on page 15.

Our work was not able to be concluded as noted earlier in the report.

We are therefore not able to conclude on this risk.

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# VALUATION OF INVESTMENTS (OTHER)

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**There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements.**

Significant risk
Normal risk
Significant management judgement
Use of experts
Unadjusted error
Adjusted error
Additional disclosure required
Significant control findings to be reported
Letter of representation point

## Risk description

The fair value of other funds (principally unit trusts and pooled investments held through unitised insurance policies) is provided by individual fund managers and reviewed by the Custodian and reported on a quarterly basis.

These funds are quoted on active markets. There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements.

## Work performed

We carried out the following planned audit procedures:

- Obtain direct confirmation of investment valuations from the fund managers and Custodian and agree valuations, where available, to readily available observable data (such as Bloomberg);
- Ensure that investments have been correctly valued in accordance with the relevant accounting policies; and
- Obtain independent assurance reports over the controls operated by both the fund managers and custodian for valuations and existence of underlying investments in the funds.

## Results and conclusions

Our work was not able to be concluded as noted earlier in the report.

We are therefore not able to conclude on this risk.

# CONTRIBUTIONS RECEIVABLE

**There is a risk that employers may not be calculating contributions correctly or the pension fund does correctly charge costs arising on pension strain for early retirements and augmented pensions**

Significant risk
Normal risk
Significant management judgement
Use of experts
Unadjusted error
Adjusted error
Additional disclosure required
Significant control findings to be reported
Letter of representation point

## Risk description

Employers are required to deduct amounts from employee pensionable pay based on tiered pay rates and to make employer normal and deficit contributions in accordance with rates agreed with the actuary. Additional contributions are also required against pension strain for unreduced pensions for early retirements and augmentation of pensions. There is a risk that employers may not be calculating contributions correctly, not paying over the full amount due to the pension fund or failing to charge employers the capital cost of pension strain due to early retirement.

## Work performed:

- Our audit procedures included the following:
- Tested a sample of normal contributions due (and additional deficit contributions which included in a higher employer rate) for active members including checking to employer payroll records;
  - Reviewed contributions receivable and ensured that income is recognised in the correct accounting period where the employer is making payments in the following month;
  - Performed tests over capital cost due from employers for pension strain due to early retirement; and
  - Carried out audit procedures to review contributions income in accordance with the Actuary's Rates and Adjustments Certificate, including specified increased rates to cover the minimum contributions to be paid as set out in the Certificate.

## Result and conclusions

Our work was not able to be concluded as noted earlier in the report.

We are therefore not able to conclude on this risk.

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**There is a risk that Benefits payable may not be correct based on accrued benefits of members or may not be calculated in accordance with the scheme regulations**

Significant risk
Normal risk
Significant management judgement
Use of experts
Unadjusted error
Adjusted error
Additional disclosure required
Significant control findings to be reported
Letter of representation point

## Risk description

Benefits payable may not be correct based on accrued benefits of members or may not be calculated in accordance with the scheme regulations. Payment to wrong or non-existent members will result in loss of assets and risk of reputational damage.

## Work performed

We carried out the following planned audit procedures:

- For members leaving the scheme and deferring their pension and members becoming entitled to receive pension during the year, substantively tested a sample of calculations of pension entitlement;
- Checked the correct application of annual pension uplift for members in receipt of benefits;
- Checked a sample of pensioners in receipt of pensions to underlying records to confirm the existence of the member and also reviewed the results of the checks undertaken by ATMOS on the existence of pensioners;
- Reviewed the results of the latest National Fraud Initiative (NFI) data matching exercise of members in receipt of benefits with the records of deceased persons and what actions have been taken to resolve potential matches;
- Reviewed any life certification exercises undertaken for members that are excluded from the National Fraud Initiative; and
- Agreed amounts recorded in the ledger for benefits paid to the pensioner payroll reports.

## Result and conclusions

Our work was not able to be concluded as noted earlier in the report.

We are therefore not able to conclude on this risk.

# MATTERS REQUIRING ADDITIONAL CONSIDERATION

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## Fraud

Whilst the Council (as administrating authority) and the Director of Finance have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit procedures did not identify any fraud. We will seek confirmation from you whether you are aware of any known, suspected or alleged frauds since we last enquired when presenting the Audit Planning Report on 2 December 2021.

## Laws and regulations

The most significant considerations for your organisation are the:

- Local Government Acts of 1972 and 2003
- Local Government Finance Acts of 1988, 1992 and 2012
- Local Audit and Accountability Act 2014
- Accounts and Audit Regulations 2015
- VAT legislation
- PAYE legislation.

We did not identify any non-compliance with laws and regulations that could have a material impact on the financial statements.

## Internal audit

We reviewed the audit work of the Council's internal audit function to assist our risk scoping at the planning stage.

## Related parties

Whilst you are responsible for the completeness of the disclosure of related party transactions in the financial statements, we are also required to consider related party transactions in the context of fraud as they may present greater risk for management override or concealment or fraud. We did not identify any significant matters in connection with related parties. We were however, not able to complete our work as noted earlier in the report.

## Service auditor reports

We reviewed the service auditor reports in respect of the following Pension Fund functions that are outsourced to, or hosted by, other bodies:

- All investments are managed by Fund Managers

We reviewed all of the relevant service auditor control reports and identified some control reports with a number of exceptions during their control testing. We performed additional work for two of the service organizations to obtain additional assurance where the controls reports could not be relied upon,

# AUDIT DIFFERENCES

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**We are required to bring to your attention unadjusted differences and we request that you correct them.**

As noted earlier in the report, we were not able to complete our audit work in response to the risks identified. We will, identified one uncorrected misstatements which exceed the clearly trivial level (£0.32m) and one corrected misstatement:

Error 1: For two samples were not provided audit evidence to support the pension benefit recalculation resulting in an understatement of Expenditure and overstatement of Net assets available to fund benefits by £0.687m).

The following audit difference was adjusted in the revised statements of account, however we have not audited this correction:

Error 2: During our testing we identified a £11.12m understatement of Investment Assets relating to Pantheon and overstatement of Liabilities by the same amount.

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# REPORTING ON OTHER INFORMATION

We comment below on other reporting required to be considered in arriving at the final content of our audit report:

---

Matter	Comment
We are required to report on whether the financial and non-financial information in the Narrative Report is consistent with the financial statements and the knowledge acquired by us in the course of our audit.	We have not been able to complete our audit work and as a result we are unable to conclude on whether the other information in the Narrative Report is consistent with the financial statements. We can confirm from our knowledge, based on the work we have completed that we are not aware of any inconsistencies.

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# OTHER DEFICIENCIES

As the purpose of the audit is for us to express an opinion on the Council's financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

Area	Observation & implication	Recommendation	Management response
Altair - Absence of user access reviews being performed	<p>During our review, it was noted that user access reviews has not been performed for Altair in-scope applications and/or evidence thereof retained in order to validate the appropriateness of system level access and user activities.</p> <p>There is a risk that user accounts may not be disabled/removed in a timely manner. This increases the risk that unauthorised access via this open account may occur which may result in incorrect and unapproved changes to key data.</p>	<p>User access reviews are a second line of defence control where the operation of the preventative control surrounding the joiners and leavers process fails. It is therefore recommended that user access reviewed are performed at annually due to the size of the business and number of users and should include:</p> <ul style="list-style-type: none"> <li>▫ Both administrator and standard user accounts; and</li> <li>▫ User group and individual customised levels of access reviews to identify any users who do not possess an appropriate level of access;</li> <li>▫ Evidence of user access reviews should be retained to demonstrate effective and continuous operation and control.</li> </ul>	<p>Management is in agreement with the finding and will work towards implementing the recommendation.</p>

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# OTHER DEFICIENCIES

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Area	Observation & implication	Recommendation	Management response
Altair - Inadequate Password policy settings on the systems that enforce strong passwords being set.	<p>The password complexity and enforce password history settings are not enabled. There is a risk that user passwords can be guessed or become known over time to other users. As a result, user accounts are at an increased risk of being used by persons other than the legitimate account owner. Crystallisation of this risk may have resulted in a material misstatement or fraud because user accounts may have been used to:</p> <ol style="list-style-type: none"> <li>1) process unauthorised, fraudulent or inaccurate transactions, and</li> <li>2) bypass controls designed or required to segregate duties.</li> </ol>	Management should consider strengthening the existing password settings to be in line with good practice.	Management is in agreement with the finding and will work towards implementing the recommendation.
Altair - Lack of SOC report from third party managing Altair change management for Infrastructure and application	We noted that a third-party, Heywood, are managing infrastructure and application changes could not provide a SOC report and thus, we could not obtain assurance over the adequacy and effectiveness of the control environment of Heywood. There is a risk of unauthorised changes being made and undetected that might lead in compromised financial data and transactions, this might as well result in compromised IPE being used by the audit team as BDO could not test the controls on change management environment for the third party.	Management should consider engaging with the third part to include SOC reports as party of the service package provided by third party.	A SOC report (type 1 or type 2) is designed to provide assurances about the effectiveness of the controls in place that are relevant to the security, availability or processing integrity of the system used to process clients' information or the confidentiality or privacy of that information. With regards to Altair, these systems and the data held within them are hosted in a data centre (provided by BlueChip). System changes are driven solely by user demand through the CLASS user group, which is comprised of representatives of Altair users from across the LGPS. Minutes of these meetings record issues raised and agreed actions. The data centre provider has a SOC2 report in place and we have provided a copy of BlueChip's SOC2 Report and the BlueChip SOC2 Bridging Letter. It is therefore not necessary for Heywood's to also hold a SOC report. However we will commit to discuss with other Altair users, through the CLASS group, whether there is a consensus that Heywood should investigate obtaining a SOC report.

# AUDIT REPORT OVERVIEW

### Opinion on financial statements

We anticipate issuing a disclaimer opinion on the financial statements.

### Other information

We have not been able to complete our review of Other information therefore cannot conclude on this area.



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# INDEPENDENCE

## Under ISAs (UK) and the FRC's Ethical Standard we are required, as auditors, to confirm our independence.

Under ISAs (UK) and the FRC's Ethical Standard, we are required as auditors to confirm our independence.

We have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement partners are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement. This document considers such matters in the context of our audit for the year ended 31 March 2021.

Details of services, other than audit, provided by us to the Council during the period and up to the date of this report are set out on the following page and were provided in our Audit Planning Report. We understand that the provision of these services was approved by the Audit, Governance and Standards Committee in advance in accordance with the Council's policy on this matter.

Details of rotation arrangements for key members of the audit team and others involved in the engagement were provided in our Audit Planning Report.

We have not identified any relationships or threats that may reasonably be thought to bear on our objectivity and independence.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard or the IESBA Code of Ethics as appropriate and are independent of the Council.

We also confirm that we have obtained confirmation of independence from external audit experts involved in the audit and that they comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Council.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

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# FEES

<b>Fees summary</b>	2020/21 Actual £	2020/21 Planned £	2019/20 Actual £
<b>Fees</b>			
Code audit fee <sup>(3)</sup>	£28,000	£16,710	£16,710
Additional audit fee <sup>(1)</sup>	£0	£5,500	£5,000
Additional audit fee: Covid-19 remote working <sup>(2)</sup>	£0	£4,000	£4,000
<b>Total fees</b>	<b>£28,000</b>	<b>£25,170</b>	<b>£28,170</b>

## (1) Assurance fees

The 2019/20 audit included cyclical costs relating to the audit of the 2019 triennial actuarial data cleansing exercise. These should not be necessary again until the 2022/23 audit.

## (2) Covid-related costs

This represents an estimate of the additional resource time and costs necessary when audits are undertaken remotely. The 15% is at the lowest end of the 15-20% range experienced by BDO and the other audit firms. If we are able to undertake some key work on site, the time reflected here should reduce and the fee level decrease accordingly.

(3) Note that PSAA will approve the scale of the audit fees in relation to 2020/21.



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# OUR RESPONSIBILITIES

## Responsibilities and reporting

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### Our responsibilities and reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements. We report our opinion on the financial statements to officers of the Council.

We read and consider the ‘other information’ contained in the Statement of Accounts such as the Annual report. We will consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.

### What we don’t report

Our audit is not designed to identify all matters that may be relevant to the Audit Committee and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.



# ADDITIONAL MATTERS WE ARE REQUIRED TO REPORT

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	Issue	Comments
1	Significant difficulties encountered during the audit.	The Council determined that no further information or responses to queries were to be provided as a result of the backstop
2	Written representations which we seek.	We enclose a copy of our draft representation letter.
3	Any fraud or suspected fraud issues.	No exceptions to note.
4	Any suspected non-compliance with laws or regulations.	No exceptions to note.
5	Significant matters in connection with related parties.	No exceptions to note.



# COMMUNICATION WITH YOU

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## Those Charged with Governance (TCWG)

References in this report to Those Charged With Governance (TCWG) are to the Pension Fund as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Audit Committee.

## Communication, meetings and feedback

We request feedback from you on our planning and completion report to promote two-way communication throughout the audit process and to ensure that all risks are identified and considered; and at completion that the results of the audit are appropriately considered.

We have met with management throughout the audit process. We have issued regular updates driving the audit process with clear and timely communication, bringing in the right resource and experience to ensure efficient and timely resolution of issues.

Communication	Date (to be) communicated	To whom
Audit Planning Report	2 December 2021	Pensions Committee and Board
Audit Completion Report	3 December 2024	Audit Committee

# OUTSTANDING MATTERS

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We have substantially completed our audit work in respect of the financial statements for the year ended 31 March 2021. The following matters are outstanding at the date of this report and could impact our audit opinion.

- Management letter of representation to be approved and signed.
- EQCR and RI sign off once Management letter of representation received.



# AUDIT REPORT

## INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF HARINGEY PENSION FUND

### Disclaimer of opinion

We do not express an opinion on the accompanying financial statements of the pension fund. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the pension fund financial statements of London Borough of Haringey pension fund (“the pension fund”) administered by Hymans Robertson (“the Authority”) for the year ended 31 March 2021 which comprise the fund account, the net assets statement and notes to the pension fund financial statements, including material accounting information. The financial reporting framework that has been applied in the preparation of the pension fund financial statements is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (‘the Regulations’) require the Authority to publish audited pension fund financial statements for the year ended 31 March 2021 by 13 December 2024 (‘the backstop date’). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. The conditions created by backstop arrangements have resulted in us not being able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by the backstop date. We scoped and planned our audit, identified risks of material statement and began to perform audit procedures in response to those risks. However, we were unable to complete all of these audit procedures. As a result, we are unable to conclude that the Authority’s pension fund financial statements for the year ended 31 March 2021 as a whole are free from material misstatement. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

### Other information

The Director of Finance is responsible for the other information. The other information includes all other information included in the Statement of Accounts, other than the pension fund financial statements and our auditor’s report thereon. The Code of Audit Practice 2024 requires auditors to report on whether other information published together with the financial statements is consistent with the financial statements. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have been unable to form an opinion on whether the other information published together with the financial statements is consistent with the financial statements.

### Responsibilities of Director of Finance and Haringey Council (“the Council”) as administering authority of the pension fund

As explained more fully in the Statement of Accounts - Statement of Responsibilities, the Director of Finance for is responsible for the preparation of the Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view and for such internal control as the Chamberlain determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the pension fund financial statements, the Director of Finance is responsible for assessing the pension fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the pension fund without the transfer of its services to another public sector entity.

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# AUDIT REPORT 2

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## Auditor’s responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the pension fund financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor’s report.

However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the pension fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Use of our report

This report is made solely to the members of Hymans Robertson, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in the Responsibilities of the Audited Body and Responsibility of the Auditor within Chapter 2 of the Code of Audit Practice. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority’s members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ciaran McLaughlin, Key Audit Partner

For and on behalf of BDO LLP, Appointed Auditor

Ipswich, UK

[Insert date]

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# LETTER OF REPRESENTATION

Haringey Pension Fund/address  
To be printed on letter headed paper

## BDO LLP

First Floor, Franciscan House  
51 Princes Street  
Ipswich IP1 1UR

Dear Sir

### Financial statements of Haringey Pension Fund for the year ended 31 March 2021

We confirm that the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2021 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of the Council.

The Director of Finance has fulfilled her responsibilities for the preparation and presentation of the financial statements as set out in the Accounts and Audit Regulations 2015 and in particular that the financial statements give a true and fair view of the financial position of the Pension Fund as of 31 March 2021 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

We have fulfilled our responsibilities on behalf of the Council, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of the Pension Fund's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records of the Pension Fund have been made available to you for the purpose of your audit and all the transactions undertaken by the Pension Fund have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of management and other meetings have been made available to you.

### Going concern

We have made an assessment of the Pension Fund's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. As a result of our assessment we consider that the Pension Fund is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. Furthermore, we confirm that the disclosures included in note 2 to the financial statements are sufficient.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Pension Fund's ability to continue as a going concern.

### Laws and regulations

In relation to those laws and regulations which provide the legal framework within which the Pension Fund's business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.

### Post balance sheet events

Other than those disclosed in the financial statements, there have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.

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# LETTER OF REPRESENTATION 2

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## Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the financial statements that have been communicated by employees, former employees, analysts, regulators or any other party.

## Misstatements

We attach a schedule showing uncorrected misstatements that you have identified, which we acknowledge that you request we correct. Where appropriate we have explained our reasons for not correcting such misstatements below. In our opinion, the effects of not recording such identified financial statement misstatements are, both individually and in the aggregate, immaterial to the financial statements as a whole.

## Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

Other than as disclosed in note 23 to the financial statements, there were no loans, transactions or arrangements between the Pension Fund and Council members or their connected persons at any time in the year which were required to be disclosed.

## Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the financial statements.

## Accounting estimates

The value at which investment assets are recorded in the net assets statement is the fair value. We are responsible for the reasonableness of any significant assumptions underlying the valuations, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the scheme. Any significant changes in those values since the year end date have been disclosed to you.

None of the assets of the scheme has been assigned, pledged or mortgaged. The following key assumptions have been used to calculate the actuarial present value of future pension benefits disclosed in the financial statements:

- RPI increase 3.20%
- CPI increase 2.80%
- Salary increase 3.85%
- Pension increase 2.85%
- Discount rate 2.00%
- Mortality: Current pensioners - male 21.7 years and female 24.2 years / future pensioners - male 23.1 years and female 26 years
- Commutation: pre-April 2008 - 50% / post-April 2008 - 75%

We consider these assumptions to be appropriate for the purposes of estimating the pension liability in accordance with the Code and IAS 19 and IAS 26.

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## Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the requirements of accounting standards.

## Confirmation

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each director and member has taken all the steps that they ought to have taken as a director or member of the Council in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Taryn Eves  
Director of Finance and Section 151 officer

Date:

Cllr Erdal Dogan  
Chair of the Audit Committee

Date:



FOR MORE INFORMATION:

**Ciaran McLaughlin, Partner**

m +44 (0)7340 404154

e: [ciaran.mclaughlin@bdo.co.uk](mailto:ciaran.mclaughlin@bdo.co.uk)

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 audited body and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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Report to the Audit Committee

# LONDON BOROUGH OF HARINGEY PENSION FUND

Audit Completion: year ended 31 March 2021

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# Welcome

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This is our combined Audit Planning Report and Audit Completion Report to the Audit Committee of London Borough of Haringey. The National Audit Office has issued Local Audit Reset and Recovery Implementation Guidance (LARRIGs) to support the reset and recovery of local audit in England. LARRIG 02 states that the frequency with which matters are communicated to Those Charged With Governance may be less in the circumstances created by backstop arrangements and that it may therefore be appropriate to include all communications relevant to an audit within a single document. In line with this guidance, we have prepared a combined Audit Planning Report and Audit Completion Report.

This combined report is an integral part of our communication strategy with you. It summarises the overall audit strategy for the year ended 31 March 2022 in respect of our audit of the financial statements and use of resources; comprising materiality and key audit risks. It also summarises the results of our audit of London Borough of Haringey Pension Fund for the year ended 31 March 2022, including areas requiring further discussion and/or the attention of the Audit Committee. We look forward to discussing these matters with you at the Audit Committee meeting on 13 December 2024, and to receiving your input. In the meantime, if you would like to discuss any aspects in advance of the meeting we would be happy to do so.

This report contains matters which should properly be considered by Full Council. We expect that the Audit Committee will refer such matters to Full Council together with any recommendations, as it considers appropriate.

We would also like to take this opportunity to thank management and staff of London Borough of Haringey Pension Fund for the co-operation and assistance provided during the audit.

**Ciaran McLaughlin**, Key Audit Partner  
For and on behalf of **BDO LLP**

25 November 2024



**Ciaran McLaughlin**  
Key Audit Partner

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# Overview

## Audit scope and objectives

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Reporting	Objectives
<b>Auditing standards</b>	We will perform our audit in accordance with International Standards on Auditing UK (ISAs (UK)) and relevant guidance published by the National Audit Office.
<b>Local Audit Reset and Recovery Implementation Guidance (LARRIGs) and Code of Audit Practice</b>	We will perform our audit in accordance with LARRIGs and the Code of Audit Practice 2024 published by the National Audit Office.
<b>Financial statements</b>	We will express an opinion on London Borough of Haringey Pension Fund's financial statements, prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2021/22 and other directions.
<b>Additional powers and duties</b>	Where necessary we may be required to: issue of a report in the public interest; make a written recommendation to London Borough of Haringey Pension Fund; allow local electors to raise questions and objections on the accounts; or exercise legal powers to apply to the courts for a declaration that an item of account is contrary to law, issue an advisory notice or an application for a judicial review.
<b>Use of resources and Auditor's Annual Report</b>	<p>We will provide a commentary on London Borough of Haringey Pension Fund arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from London Borough of Haringey Pension Fund.</p> <p>The Auditor's Annual Report is required to be published by London Borough of Haringey Pension Fund.</p>

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This summary provides an overview of the audit matters that we believe are important to the audit of the financial statements for London Borough of Haringey Pension Fund for the year ended 31 March 2022.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.

### Responsible financial officer (RFO)

The Accounts and Audit Regulations 2015 require the Director of Finance, as RFO, to sign and date the statement of accounts, and confirm that they are satisfied that it presents a true and fair view of:

- the financial position of the authority at the end of the financial year to which it relates; and
- that authority's income and expenditure for that financial year.

Our audit of the financial statements does not relieve the RFO nor those charged with governance of their responsibilities for the preparation of the statement of accounts.

### Circumstances that affect the form and content of the auditor's report

There has been a deterioration in the timeliness of local audit in recent years leading to a persistent and significant backlog of audit opinions. Across England, the backlog of outstanding audit opinions stood at 771 at 31 December 2023 and is estimated to increase to around 1,000 later this year. In February 2024, the Department for Levelling Up, Housing and Communities published 'Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit'. This joint statement confirmed that:

*"The issues facing local audit are widely recognised as multi-faceted and complex with no single cause or solution".*

The factors contributing to the delay in issuing an audit opinion on the financial statements of London Borough of Haringey Pension Fund for the year ended 31 March 2022 include, but are not limited to:

- increased regulator expectations on auditors
- difficulties in attracting, developing and retaining staff to perform local audit work
- the impact of the Covid-19 pandemic

Over the last year, organisations involved in the regulation and oversight of local body financial reporting and audit have been working collectively to agree a proposed solution to clear the outstanding historical audit opinions and ensure that delays do not return.

To clear the backlog of historical accounts and 'reset' the system, the Accounts and Audit (Amendment) Regulations 2024 require local bodies to publish audited financial statements for all outstanding years up to and including 2022/23 by 13 December 2024 ('the backstop date'). In addition, the National Audit Office has made changes to the Code of Audit Practice to require local auditors to comply with backstop dates by giving their opinions in time for audited accounts to be published.

The backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Consequently, this prevents us from meeting the overall objectives of an audit as set out in ISA (UK) 200 'Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing'. Therefore, the backstop date has created circumstances which require us to consider modifying our opinion on London Borough of Haringey's financial statements.

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### Significant difficulties encountered during the audit

ISAs (UK) require us to report to you any significant difficulties we have encountered during the audit. As previously outlined, the backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Therefore, the backstop date represents a significant difficulty that we have encountered during the audit.

### Overview Audit report

The Accounts and Audit (Amendment) Regulations 2024 require London Borough of Haringey Pension Fund to publish audited financial statements for the year ended 31 March 2022 by 13 December 2024. We have not been able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by this date. As a result, we are unable to conclude that London Borough of Haringey Pension Fund's financial statements for the year ended 31 March 2022 as a whole are free from material misstatement. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Therefore, we anticipate issuing a disclaimer of opinion on the financial statements as set out on page 14.

### Independence

We confirm that the firm and its partners and staff involved in the audit are independent of London Borough of Haringey Pension Fund in accordance with the Financial Reporting Council's (FRC's) Ethical Standard.

# The numbers

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This summary provides an overview of the audit scope and materiality for the year ended 31 March 2022.

### Audit scope

The scope of the audit is determined by the National Audit Office's Code of Audit Practice that sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. This includes: auditing the financial statements; reviewing the arrangements to secure value for money through the economic, efficient and effective use of its resources; and, where appropriate, exercising the auditor's wider reporting powers and duties. Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws, appropriate standards and guidance issued by the National Audit Office.

### Materiality

Materiality for the Group has been set at 1% of net assets for the period (prior year 1%) and is outlined in the adjacent chart. For reporting purposes, we consider misstatements of less than £360,000 (2021: £320,000) to be trivial unless the misstatement is indicative of fraud.

### Council's responsibilities

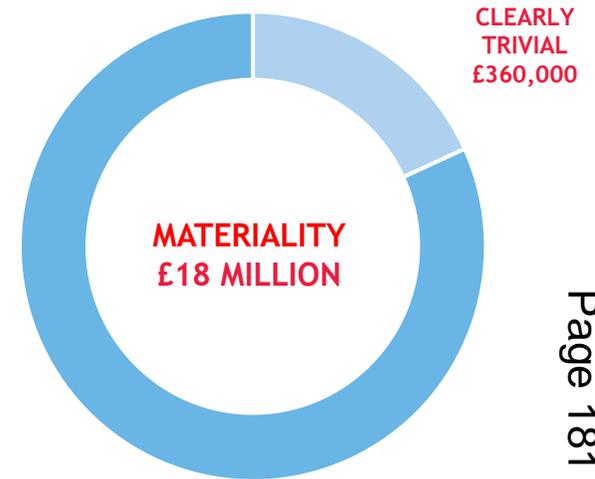
The Director of Finance is responsible for the preparation of the Statement of Accounts and for being satisfied that these show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2021/22, applicable accounting standards or other direction under the circumstances. Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of the financial statements.

### Material misstatements

We did not identify any material misstatements.

### Unadjusted audit differences

We did not identify any audit differences that have not been adjusted for.



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We assessed the following matters as being the most significant risks of material misstatement in the financial statements, or those where we consider there to be an elevated risk of material misstatement. These include those risks which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit and the directing of the efforts of the engagement team.

The backstop date has created time constraints that have impeded us from completing all necessary risk assessment procedures. Therefore, we have not been able to meet the objective of ISA (UK) 315 *Identifying and Assessing the Risks of Material Misstatement*, which is to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement. Had we met the objective of ISA (UK) 315, we may have identified additional risks to those listed below.

#	Audit Risk	Significant or Elevated Risk	Fraud risk present	Significant management estimates & judgements	Specific Letter of Representation Point
1	Management override of controls	Significant	Yes	Yes	Yes
2	Fair value of investments (infrastructure & private equity)	Significant	Yes	Yes	Yes
3	Pension liability assumptions	Significant	No	Yes	Yes







# Matters requiring additional consideration

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## Laws and regulations, including fraud

LARRIG 04 '*Auditor reporting requirements under ISA(UK) 250A (Consideration of Laws and Regulations in an Audit of Financial Statements) and reporting in the public interest*' confirms that irrespective of backstop arrangements, if as part of the audit, the auditor identifies actual or suspected non-compliance with laws and regulations, the auditor is required by the ISAs (UK) to investigate and report on these matters.

Our ability to identify non-compliance with laws and regulation that may have a material effect on the financial statements is based on procedures performed during the course of the audit, which have been curtailed as a consequence of backstop arrangements. Therefore, the backstop date has created time constraints that have impeded us from performing procedures which may identify such non-compliance.

We did not identify any non-compliance with laws and regulations that could have a material impact on the financial statements.

## Significant matters in connection with related parties

We are required to report to you significant matters arising during the audit in connection with London Borough of Haringey Pension Fund's related parties. The backstop date has created time constraints that have impeded us from performing procedures which may identify such matters.

We did not identify any significant matters in connection with London Borough of Haringey Pension Fund's related parties

## Financial reporting

We are required to communicate to you our views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The backstop date has created time constraints that have impeded us from considering significant qualitative aspects of London Borough of Haringey Pension Fund's accounting practices. We therefore have no views to communicate to you in this regard.

## Significant deficiencies in internal control

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. The backstop date has created time constraints that have impeded us from performing procedures which may identify such deficiencies. In any event, as the purpose of the audit is for us to express an opinion on London Borough of Haringey Pension Fund's financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

We did not identify any significant deficiencies in internal control.

# Special reporting powers and duties

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Matter	Comment
<p>We are required to report if:</p> <ul style="list-style-type: none"> <li>• we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22;</li> <li>• we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit;</li> <li>• we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014;</li> <li>• we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;</li> <li>• we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or</li> <li>• we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.</li> </ul>	<p>We have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 because the backstop date has created time constraints that have impeded us from completing all necessary procedures in response to this reporting requirement.</p> <p>We have nothing to report in respect of the other matters.</p>



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A draft copy of our report is included in the appendices.

## **Opinion on financial statements**

We anticipate issuing a disclaimer of opinion on the financial statements, for the reasons detailed in the 'Executive summary' section of this report.

## **Other matters on which we are required to report by exception**

We have no matters to report, other than we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, for the reasons detailed in the 'Special reporting powers and duties' section of this report.

# Independence and fees

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## Independence

We confirm that the firm, and the engagement team including other BDO network firms conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard and the IESBA Code of Ethics and are independent of London Borough of Haringey Pension Fund.

Details of services, other than audit, provided by us to the London Borough of Haringey Pension Fund during the period and up to the date of this report are set out in the table below. We have not identified any threats to our independence arising from the provision of these services.

We have not identified any other relationships or threats that may reasonably be thought to bear on our objectivity and independence.

## Fee summary

Actual audit fees are in line with our planned fees.

	Fees (£)		Independence safeguards	Impact on independence
	Year ended March 2021	Year ended March 2022		
<b>Audit fees</b>	£16,170	£16,170	None required	N/A
<b>Non-audit services fees</b>	£0	£0	None required	N/A
<b>Total fees</b>	<b>£16,170</b>	<b>£16,170</b>		



# Partner rotation

## Independence

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- **Partner rotation**

These tables indicate the rotation periods normally permitted under Public Sector Audit Appointments' (PSAA) rules on rotation of key staff, as set out in the PSAA Terms of Appointment.

It is PSAA's policy that:

- engagement leads should act for an initial period of five years. PSAA may approve engagement leads for an additional period of up to no more than two years, if it is provided with assurance that there are no considerations such that an objective, reasonable and informed third party would conclude that an auditor's integrity, objectivity or independence was or could be perceived to be compromised together with details of any mitigations
- other than in exceptional circumstances, the audit manager at an audited body should be changed at least once every seven years. PSAA will approve the appointment of an audit manager for an additional period of up to three years, provided that there are no considerations such that an objective, reasonable and informed third party would conclude that an auditor's integrity, objectivity or independence was or could be perceived to be compromised
- it is not expected that an individual should act as an engagement quality control reviewer at an audited body for a period longer than seven years.

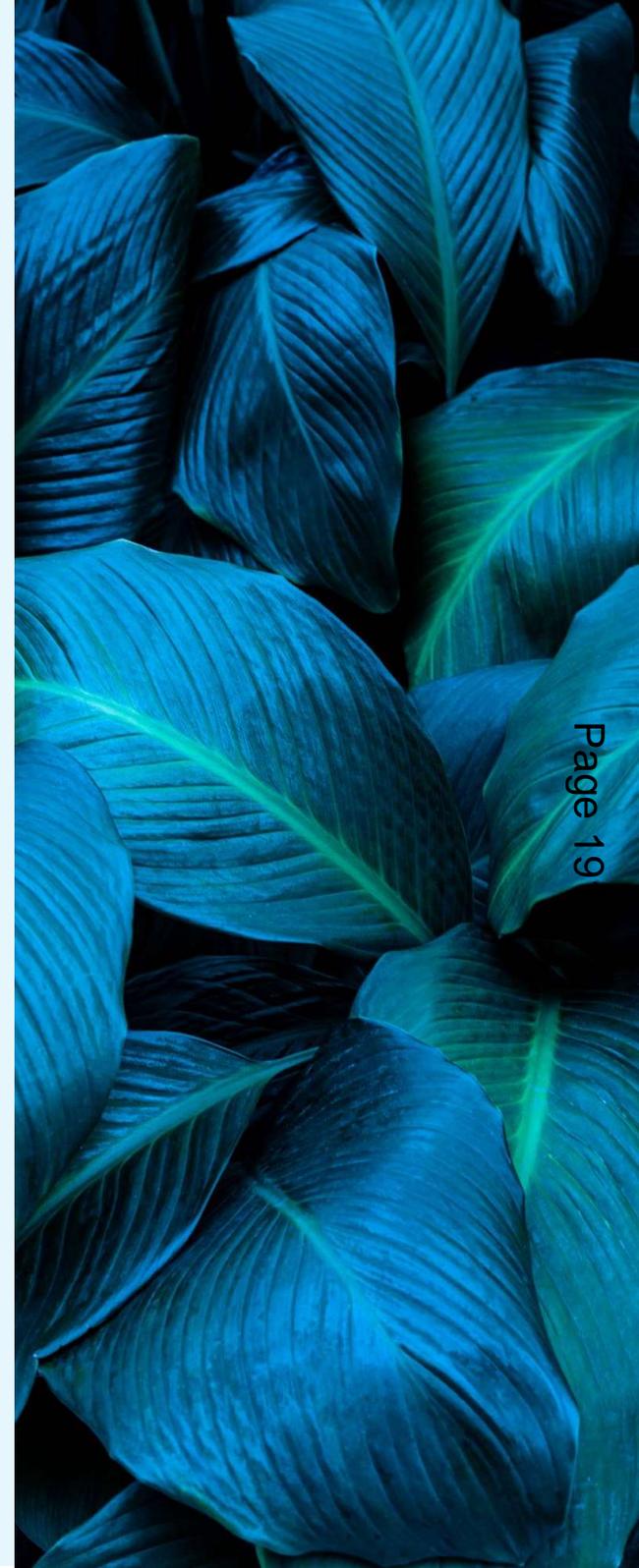
In order to safeguard audit quality, we will employ a policy of gradual rotation covering the team members below as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.

### Independence - engagement team rotation

Senior team members	Number of years involved	Rotation to take place after
Ciaran McLaughlin Engagement Lead	1	5 years
Julie Holloway Senior Manager	1	7 years

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## Those Charged with Governance (TCWG)

References in this report to Those Charged With Governance are to London Borough of Haringey as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Audit Committee.

## Communication

The National Audit Office has issued Local Audit Reset and Recovery Implementation Guidance (LARRIGs) to support the reset and recovery of local audit in England. LARRIG 02 states that the frequency with which matters are communicated to Those Charged With Governance may be less in the circumstances created by backstop arrangements and that it may therefore be appropriate to include all communications relevant to an audit within a single document. In line with this guidance, we have prepared a combined Audit Planning Report and Audit Completion Report.

Communication required	Date (to be) communicated	To whom	Communication method
Audit Planning Report	25 November 2024	Audit Committee	Combined Audit Planning Report and Audit Completion Report
Audit Completion Report	25 November 2024	Audit Committee	Combined Audit Planning Report and Audit Completion Report



# Management representation letter

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BDO LLP  
First Floor, Franciscan House  
51 Princes Street  
Ipswich, IP1 1UR

Dear Sirs

## Financial statements of London Borough of Haringey Pension Fund for the year ended 31 March 2022

We confirm that the following representations given to you in connection with your audit of London Borough of Haringey Pension Fund's financial statements (the 'financial statements') for the year ended 31 March 2022 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of London Borough of Haringey Pension Fund.

The Chief Finance Officer has fulfilled their responsibilities for the preparation and presentation of the financial statements as set out in the Accounts and Audit Regulations 2015 and in particular that the financial statements give a true and fair view of the financial position of London Borough of Haringey Pension Fund as of 31 March 2022 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

We have fulfilled our responsibilities on behalf of London Borough of Haringey Pension Fund, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of London Borough of Haringey Pension Fund's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records of London Borough of Haringey Pension Fund have been made available to you for the purpose of your audit and all the transactions undertaken by London Borough of Haringey Pension Fund have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council, management and other meetings have been made available to you.

## Going concern

We have made an assessment of London Borough of Haringey Pension Fund's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on London Borough of Haringey Pension Fund's ability to continue as a going concern.

## Laws and regulations

In relation to those laws and regulations which provide the legal framework within which London Borough of Haringey Pension Fund's business is conducted, and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which I am aware and all actual or contingent consequences arising from such instances of non-compliance.

## Post balance sheet events

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.



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## Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have made the results available to you.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees that could have a material effect on the financial statements. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge, we are not aware of any allegations of fraud or suspected fraud that have been communicated by employees, former employees, analysts, regulators or any other party that could materially affect the financial statements.

## Misstatements

You have not advised us of any unadjusted misstatements in the financial statements or other information in the Statement of Accounts.

## Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

There were no loans, transactions or arrangements between London Borough of Haringey Pension Fund and members of London Borough of Haringey Pension Fund or their connected persons at any time in the period which were required to be disclosed.

## Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the financial statements.

## Accounting estimates

We confirm that the methods, significant assumptions and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

In relation the following specific accounting estimates (include estimates with significant judgments and which materially impact the financial statements) we confirm;

- that the significant judgments made in making the accounting estimates have taken into account all relevant information of which we are aware.
- that we have considered the consistency and appropriateness in the selection or application of the methods while preparing estimates.
- we have used the appropriate assumptions and data, to the best of our knowledge in making the accounting estimates.
- that the assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity, when relevant to the accounting estimates and disclosures.



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- that disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework.
- that no subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements.

## *Fund liabilities actuarial estimate valuation*

Estimation of the net liability to pay pensions depends on a number of complete judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.

## *Private equity and infrastructure assets valuation*

Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

## **Litigation and claims**

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the requirements of accounting standards.

## **Confirmation**

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each member has taken all the steps that they ought to have taken as a member of London Borough of Haringey in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Taryn Eaves

Director of Finance

[date]

Cllr Erdal Dogan

Chair of the Audit Committee

[date]

# London Borough of Haringey's Pension Fund's responsibilities

## London Borough of Haringey Pension Fund's Responsibilities and Reporting

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### Financial reporting

London Borough of Haringey Pension Fund is expected to have effective governance arrangements to deliver its objectives. To this end, the publication of the financial statements is an essential means by which London Borough of Haringey Pension Fund accounts for its stewardship and use of the members' money at its disposal.

The form and content of London Borough of Haringey Pension Fund's financial statements, and any additional schedules or returns for consolidation purposes, should reflect the requirements of the relevant accounting and reporting framework in place and any applicable accounting standards or other direction under the circumstances.

The Section 151 Officer is responsible for preparing and filing a Statement of Accounts and financial statements which show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2021/22, applicable accounting standards or other direction under the circumstances.

Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of materially accurate financial statements.



# Our responsibilities

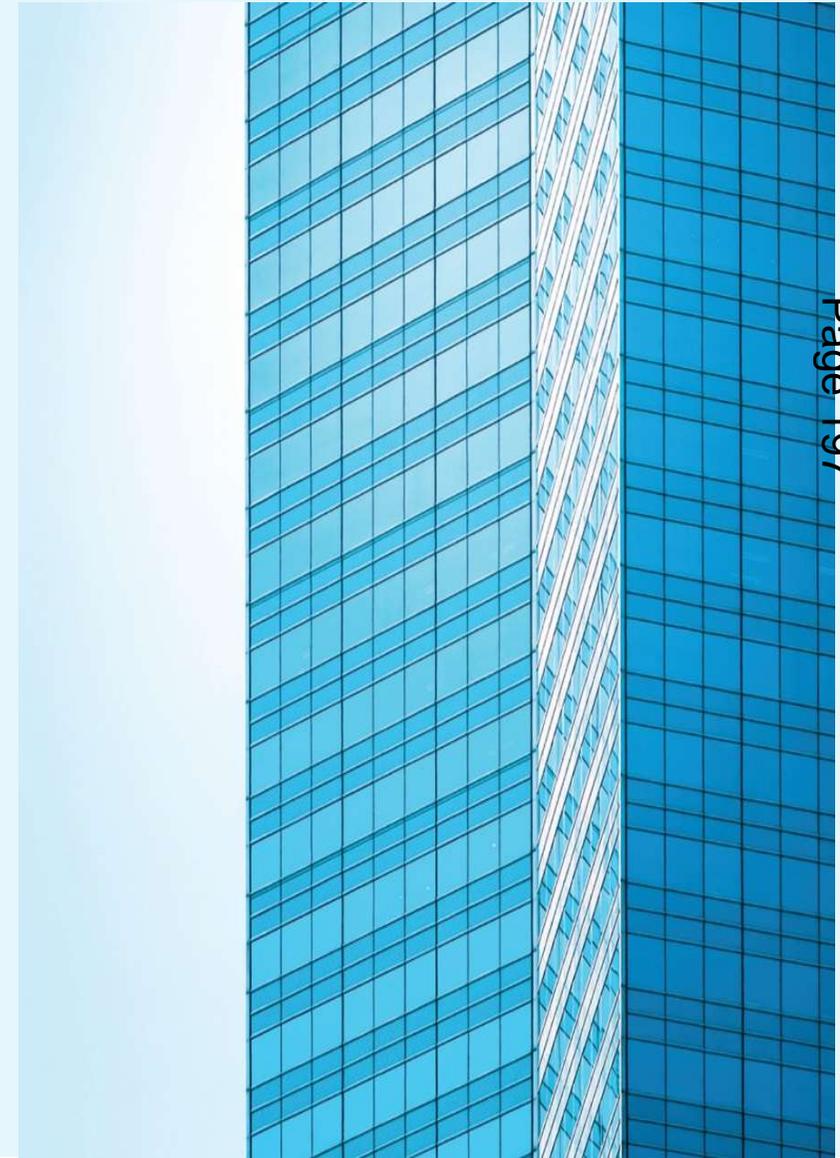
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## Our responsibilities and reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements. We report our opinion on the financial statements to the members of London Borough of Haringey Pension Fund.

## What we don't report

Our audit is not designed to identify all matters that may be relevant to London Borough of Haringey Pension Fund and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist



# FRC Practice Aid for Audit Committees

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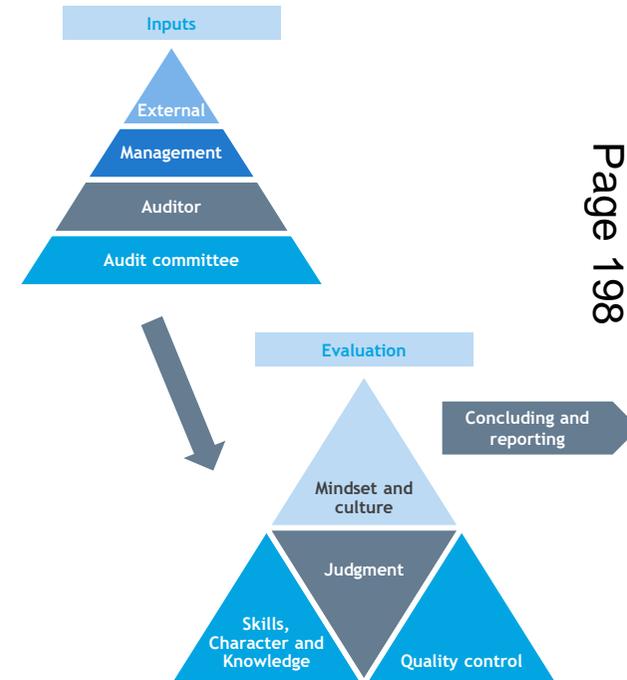
The Financial Reporting Council (FRC) issued an updated practice aid for audit committees in December 2019 and a full copy can be found on the [FRC website](#). In their practice aid the FRC note: ‘The directors of a Company (the Board as a whole) are responsible for ensuring its financial statements are prepared in accordance with the applicable financial reporting framework and for overseeing the Company’s internal control framework. A high-quality audit provides investors and other stakeholders with a high level of assurance that the financial statements of an entity give a true and fair view and provide a reliable and trustworthy basis for taking decisions.’

The practice aid then discusses how the role of audit committees in serving the interests of investors and other stakeholders is through their independent oversight of the annual corporate reporting process including the audit. The FRC highlight that the responsibility for appointing the external auditor, approving their remuneration and any non-audit services work, ensuring their independence and challenging them over the quality of their work falls to the audit committee and can play a key role in facilitating a high-quality audit (see note across).

It gives guidance for Audit Committees in the following areas:

- ▶ Audit tenders and the tender process including audit fee negotiations and auditor independence
- ▶ A model for use by audit committees in making an overall assessment of an external auditor including inputs, evaluations and concluding
- ▶ Transparency - reporting to the Board on how the audit committee has discharged these responsibilities
- ▶ Some guidance on key areas of audit judgement

The provision of high-quality audits are a key focus of FRC and the new Executive Director of Supervision, David Rule, sent a letter to all audit firms in November 2019 explaining the factors he would expect to see in place in order to facilitate the delivery of high-quality audits. A copy of the letter can be found on the [FRC website](#)





**For more information:**

Ciaran McLaughlin

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m: 073404 04154

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 London Borough of Haringey Pension Fund and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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# London borough of Haringey Pension Fund

Audit Completion Report: Year ended 31 March 2023

Report to the Audit Committee

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# Welcome

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This is our combined Audit Planning Report and Audit Completion Report to the Audit Committee of London Borough of Haringey. The National Audit Office has issued Local Audit Reset and Recovery Implementation Guidance (LARRIGs) to support the reset and recovery of local audit in England. LARRIG 02 states that the frequency with which matters are communicated to Those Charged With Governance may be less in the circumstances created by backstop arrangements and that it may therefore be appropriate to include all communications relevant to an audit within a single document. In line with this guidance, we have prepared a combined Audit Planning Report and Audit Completion Report.

This combined report is an integral part of our communication strategy with you. It summarises the overall audit strategy for the year ended 31 March 2023 in respect of our audit of the financial statements and use of resources; comprising materiality and key audit risks. It also summarises the results of our audit of London Borough of Haringey Pension Fund for the year ended 31 March 2023, including areas requiring further discussion and/or the attention of the Audit Committee. We look forward to discussing these matters with you at the Audit Committee meeting on 13 December 2024, and to receiving your input. In the meantime, if you would like to discuss any aspects in advance of the meeting we would be happy to do so.

This report contains matters which should properly be considered by Full Council. We expect that the Audit Committee will refer such matters to Full Council together with any recommendations, as it considers appropriate.

We would also like to take this opportunity to thank management and staff of London Borough of Haringey Pension Fund for the co-operation and assistance provided during the audit.

**Ciaran McLaughlin**, Key Audit Partner  
For and on behalf of **BDO LLP**

25 November 2024



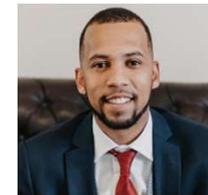
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# Overview

## Audit scope and objectives

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Reporting	Objectives
<b>Auditing standards</b>	We will perform our audit in accordance with International Standards on Auditing UK (ISAs (UK)) and relevant guidance published by the National Audit Office.
<b>Local Audit Reset and Recovery Implementation Guidance (LARRIGs) and Code of Audit Practice</b>	We will perform our audit in accordance with LARRIGs and the Code of Audit Practice 2024 published by the National Audit Office.
<b>Financial statements</b>	We will express an opinion on London Borough of Haringey Pension Fund's financial statements, prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2022/23 and other directions.
<b>Additional powers and duties</b>	Where necessary we may be required to: issue of a report in the public interest; make a written recommendation to London Borough of Haringey Pension Fund; allow local electors to raise questions and objections on the accounts; or exercise legal powers to apply to the courts for a declaration that an item of account is contrary to law, issue an advisory notice or an application for a judicial review.
<b>Use of resources and Auditor's Annual Report</b>	<p>We will provide a commentary on London Borough of Haringey Pension Fund arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from London Borough of Haringey Pension Fund.</p> <p>The Auditor's Annual Report is required to be published by London Borough of Haringey Pension Fund.</p>

# Overview

## Executive summary

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This summary provides an overview of the audit matters that we believe are important to the audit of the financial statements for London Borough of Haringey Pension Fund for the year ended 31 March 2023.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.

### Responsible financial officer (RFO)

The Accounts and Audit Regulations 2015 require the Director of Finance, as RFO, to sign and date the statement of accounts, and confirm that they are satisfied that it presents a true and fair view of:

- the financial position of the authority at the end of the financial year to which it relates; and
- that authority's income and expenditure for that financial year.

Our audit of the financial statements does not relieve the RFO nor those charged with governance of their responsibilities for the preparation of the statement of accounts.

### Circumstances that affect the form and content of the auditor's report

There has been a deterioration in the timeliness of local audit in recent years leading to a persistent and significant backlog of audit opinions. Across England, the backlog of outstanding audit opinions stood at 771 at 31 December 2023 and is estimated to increase to around 1,000 later this year. In February 2024, the Department for Levelling Up, Housing and Communities published 'Local audit delays: Joint statement on update to proposals to clear the backlog and embed timely audit'. This joint statement confirmed that:

*"The issues facing local audit are widely recognised as multi-faceted and complex with no single cause or solution".*

The factors contributing to the delay in issuing an audit opinion on the financial statements of London Borough of Haringey Pension Fund for the year ended 31 March 2023 include, but are not limited to:

- increased regulator expectations on auditors
- difficulties in attracting, developing and retaining staff to perform local audit work
- the impact of the Covid-19 pandemic

Over the last year, organisations involved in the regulation and oversight of local body financial reporting and audit have been working collectively to agree a proposed solution to clear the outstanding historical audit opinions and ensure that delays do not return.

To clear the backlog of historical accounts and 'reset' the system, the Accounts and Audit (Amendment) Regulations 2024 require local bodies to publish audited financial statements for all outstanding years up to and including 2022/23 by 13 December 2024 ('the backstop date'). In addition, the National Audit Office has made changes to the Code of Audit Practice to require local auditors to comply with backstop dates by giving their opinions in time for audited accounts to be published.

The backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Consequently, this prevents us from meeting the overall objectives of an audit as set out in ISA (UK) 200 'Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing'. Therefore, the backstop date has created circumstances which require us to consider modifying our opinion on [insert name of local authority]'s financial statements.

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### Significant difficulties encountered during the audit

ISAs (UK) require us to report to you any significant difficulties we have encountered during the audit. As previously outlined, the backstop date has created time constraints that have impeded us from completing all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil the objectives of all relevant ISAs (UK). Therefore, the backstop date represents a significant difficulty that we have encountered during the audit.

### Overview Audit report

The Accounts and Audit (Amendment) Regulations 2024 require London Borough of Haringey Pension Fund to publish audited financial statements for the year ended 31 March 2023 by 13 December 2024. We have not able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by this date. As a result, we are unable to conclude that London Borough of Haringey Pension Fund's financial statements for the year ended 31 March 2023 as a whole are free from material misstatement. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Therefore, we anticipate issuing a disclaimer of opinion on the financial statements as set out on page 14.

### Independence

We confirm that the firm and its partners and staff involved in the audit are independent of London Borough of Haringey Pension Fund in accordance with the Financial Reporting Council's (FRC's) Ethical Standard.

# The numbers

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This summary provides an overview of the audit scope and materiality for the year ended 31 March 2023.

### Audit scope

The scope of the audit is determined by the National Audit Office's Code of Audit Practice that sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. This includes: auditing the financial statements; reviewing the arrangements to secure value for money through the economic, efficient and effective use of its resources; and, where appropriate, exercising the auditor's wider reporting powers and duties. Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws, appropriate standards and guidance issued by the National Audit Office.

### Materiality

Materiality for the Group has been set at 1% of net assets for the period (prior year 1%) and is outlined in the adjacent chart. For reporting purposes, we consider misstatements of less than £342,000 (2022: £360,000) to be trivial unless the misstatement is indicative of fraud.

### Council's responsibilities

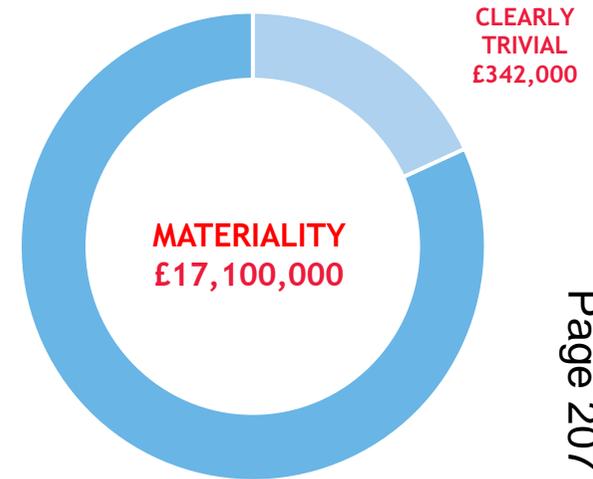
The Director of Finance is responsible for the preparation of the Statement of Accounts and for being satisfied that these show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2022/23, applicable accounting standards or other direction under the circumstances. Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of the financial statements.

### Material misstatements

We did not identify any material misstatements.

### Unadjusted audit differences

We did not identify any audit differences that have not been adjusted for.



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We assessed the following matters as being the most significant risks of material misstatement in the financial statements, or those where we consider there to be an elevated risk of material misstatement. These include those risks which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit and the directing of the efforts of the engagement team.

The backstop date has created time constraints that have impeded us from completing all necessary risk assessment procedures. Therefore, we have not been able to meet the objective of ISA (UK) 315 *Identifying and Assessing the Risks of Material Misstatement*, which is to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement. Had we met the objective of ISA (UK) 315, we may have identified additional risks to those listed below.

#	Audit Risk	Significant or Elevated Risk	Fraud risk present	Significant management estimates & judgements	Specific Letter of Representation Point
1	Management override of controls	Significant	Yes	Yes	Yes
2	Fair value of investments (infrastructure & private equity)	Significant	Yes	Yes	Yes
3	Pension liability assumptions	Significant	No	Yes	Yes







# Matters requiring additional consideration

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## Laws and regulations, including fraud

LARRIG 04 '*Auditor reporting requirements under ISA(UK) 250A (Consideration of Laws and Regulations in an Audit of Financial Statements) and reporting in the public interest*' confirms that irrespective of backstop arrangements, if as part of the audit, the auditor identifies actual or suspected non-compliance with laws and regulations, the auditor is required by the ISAs (UK) to investigate and report on these matters.

Our ability to identify non-compliance with laws and regulation that may have a material effect on the financial statements is based on procedures performed during the course of the audit, which have been curtailed as a consequence of backstop arrangements. Therefore, the backstop date has created time constraints that have impeded us from performing procedures which may identify such non-compliance.

We did not identify any non-compliance with laws and regulations that could have a material impact on the financial statements.

## Significant matters in connection with related parties

We are required to report to you significant matters arising during the audit in connection with London Borough of Haringey Pension Fund's related parties. The backstop date has created time constraints that have impeded us from performing procedures which may identify such matters.

We did not identify any significant matters in connection with London Borough of Haringey Pension Fund's related parties

## Financial reporting

We are required to communicate to you our views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The backstop date has created time constraints that have impeded us from considering significant qualitative aspects of London Borough of Haringey Pension Fund's accounting practices. We therefore have no views to communicate to you in this regard.

## Significant deficiencies in internal control

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. The backstop date has created time constraints that have impeded us from performing procedures which may identify such deficiencies. In any event, as the purpose of the audit is for us to express an opinion on London Borough of Haringey Pension Fund's financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

We did not identify any significant deficiencies in internal control.

# Special reporting powers and duties

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Matter	Comment
<p>We are required to report if:</p> <ul style="list-style-type: none"> <li>• we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23;</li> <li>• we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit;</li> <li>• we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014;</li> <li>• we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;</li> <li>• we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or</li> <li>• we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.</li> </ul>	<p>We have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 because the backstop date has created time constraints that have impeded us from completing all necessary procedures in response to this reporting requirement.</p> <p>We have nothing to report in respect of the other matters.</p>



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A draft copy of our report is included in the appendices.

## **Opinion on financial statements**

We anticipate issuing a disclaimer of opinion on the financial statements, for the reasons detailed in the 'Executive summary' section of this report.

## **Other matters on which we are required to report by exception**

We have no matters to report, other than we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for the reasons detailed in the 'Special reporting powers and duties' section of this report.

# Independence and fees

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## Independence

We confirm that the firm, and the engagement team including other BDO network firms conducting the audit comply with relevant ethical requirements including the FRC’s Ethical Standard and the IESBA Code of Ethics and are independent of London Borough of Haringey Pension Fund.

Details of services, other than audit, provided by us to the London Borough of Haringey Pension Fund during the period and up to the date of this report are set out in the table below. We have not identified any threats to our independence arising from the provision of these services.

We have not identified any other relationships or threats that may reasonably be thought to bear on our objectivity and independence.

## Fee summary

Actual audit fees are in line with our planned fees.

	Fees (£)		Independence safeguards	Impact on independence
	Year ended March 2022	Year ended March 2023		
<b>Audit fees</b>	£16,170	£16,170	None required	N/A
<b>Non-audit services fees</b>	£0	£0	None required	N/A
<b>Total fees</b>	<b>£16,170</b>	<b>£16,170</b>		



# Partner rotation

## Independence

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These tables indicate the rotation periods normally permitted under Public Sector Audit Appointments' (PSAA) rules on rotation of key staff, as set out in the PSAA Terms of Appointment.

It is PSAA's policy that:

- engagement leads should act for an initial period of five years. PSAA may approve engagement leads for an additional period of up to no more than two years, if it is provided with assurance that there are no considerations such that an objective, reasonable and informed third party would conclude that an auditor's integrity, objectivity or independence was or could be perceived to be compromised together with details of any mitigations
- other than in exceptional circumstances, the audit manager at an audited body should be changed at least once every seven years. PSAA will approve the appointment of an audit manager for an additional period of up to three years, provided that there are no considerations such that an objective, reasonable and informed third party would conclude that an auditor's integrity, objectivity or independence was or could be perceived to be compromised
- it is not expected that an individual should act as an engagement quality control reviewer at an audited body for a period longer than seven years.

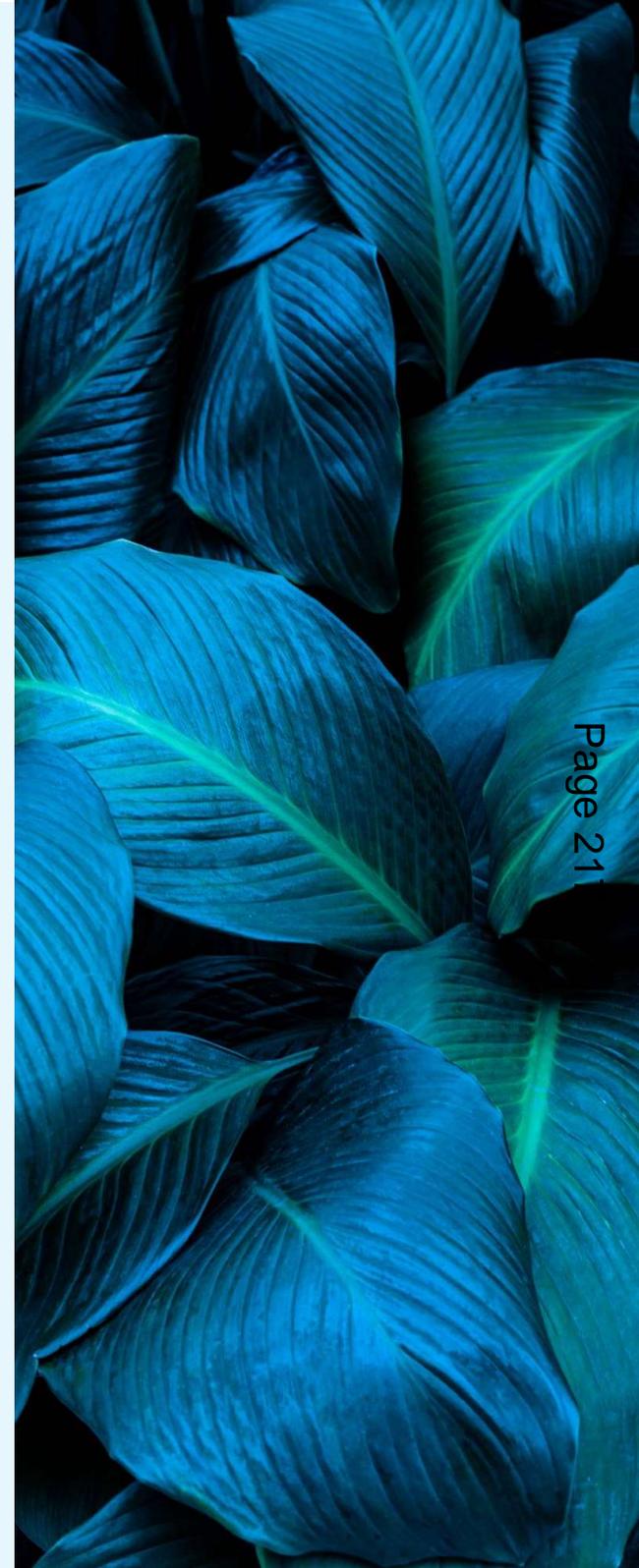
In order to safeguard audit quality, we will employ a policy of gradual rotation covering the team members below as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.

### Independence - engagement team rotation

Senior team members	Number of years involved	Rotation to take place after
Ciaran McLaughlin Engagement Lead	1	5 years
Julie Holloway Senior Manager	1	7 years

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## Those Charged with Governance (TCWG)

References in this report to Those Charged With Governance are to London Borough of Haringey as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Audit Committee.

## Communication

The National Audit Office has issued Local Audit Reset and Recovery Implementation Guidance (LARRIGs) to support the reset and recovery of local audit in England. LARRIG 02 states that the frequency with which matters are communicated to Those Charged With Governance may be less in the circumstances created by backstop arrangements and that it may therefore be appropriate to include all communications relevant to an audit within a single document. In line with this guidance, we have prepared a combined Audit Planning Report and Audit Completion Report.

Communication required	Date (to be) communicated	To whom	Communication method
Audit Planning Report	25 November 2024	Audit Committee	Combined Audit Planning Report and Audit Completion Report
Audit Completion Report	25 November 2024	Audit Committee	Combined Audit Planning Report and Audit Completion Report



# Management representation letter

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BDO LLP  
First Floor, Franciscan House  
51 Princes Street  
Ipswich, IP1 1UR

Dear Sirs

## **Financial statements of London Borough of Haringey Pension Fund for the year ended 31 March 2023**

We confirm that the following representations given to you in connection with your audit of London Borough of Haringey Pension Fund's financial statements (the 'financial statements') for the year ended 31 March 2022 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of London Borough of Haringey Pension Fund.

The Chief Finance Officer has fulfilled their responsibilities for the preparation and presentation of the financial statements as set out in the Accounts and Audit Regulations 2015 and in particular that the financial statements give a true and fair view of the financial position of London Borough of Haringey Pension Fund as of 31 March 2023 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

We have fulfilled our responsibilities on behalf of London Borough of Haringey Pension Fund, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of London Borough of Haringey Pension Fund's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records of London Borough of Haringey Pension Fund have been made available to you for the purpose of your audit and all the transactions undertaken by London Borough of Haringey Pension Fund have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council, management and other meetings have been made available to you.

## **Going concern**

We have made an assessment of London Borough of Haringey Pension Fund's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on London Borough of Haringey Pension Fund's ability to continue as a going concern.

## **Laws and regulations**

In relation to those laws and regulations which provide the legal framework within which London Borough of Haringey Pension Fund's business is conducted, and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which I am aware and all actual or contingent consequences arising from such instances of non-compliance.

## **Post balance sheet events**

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.



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## Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have made the results available to you.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees that could have a material effect on the financial statements. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge, we are not aware of any allegations of fraud or suspected fraud that have been communicated by employees, former employees, analysts, regulators or any other party that could materially affect the financial statements.

## Misstatements

You have not advised us of any unadjusted misstatements in the financial statements or other information in the Statement of Accounts.

## Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

There were no loans, transactions or arrangements between London Borough of Haringey Pension Fund and members of London Borough of Haringey Pension Fund or their connected persons at any time in the period which were required to be disclosed.

## Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the financial statements.

## Accounting estimates

We confirm that the methods, significant assumptions and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

In relation the following specific accounting estimates (include estimates with significant judgments and which materially impact the financial statements) we confirm;

- that the significant judgments made in making the accounting estimates have taken into account all relevant information of which we are aware.
- that we have considered the consistency and appropriateness in the selection or application of the methods while preparing estimates.
- we have used the appropriate assumptions and data, to the best of our knowledge in making the accounting estimates.
- that the assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity, when relevant to the accounting estimates and disclosures.



# Management representation letter 3

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- that disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework.
- that no subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements.

## *Fund liabilities actuarial estimate valuation*

Estimation of the net liability to pay pensions depends on a number of complete judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.

## *Private equity and infrastructure assets valuation*

Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

## **Litigation and claims**

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the requirements of accounting standards.

## **Confirmation**

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each member has taken all the steps that they ought to have taken as a member of London Borough of Haringey in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

[Name]

[Director of Finance]

[date]

[Name]

[Chair of the Audit Committee]

[date]

# London Borough of Haringey's Pension Fund's responsibilities

## London Borough of Haringey Pension Fund's Responsibilities and Reporting

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### Financial reporting

London Borough of Haringey Pension Fund is expected to have effective governance arrangements to deliver its objectives. To this end, the publication of the financial statements is an essential means by which London Borough of Haringey Pension Fund accounts for its stewardship and use of the members' money at its disposal.

The form and content of London Borough of Haringey Pension Fund's financial statements, and any additional schedules or returns for consolidation purposes, should reflect the requirements of the relevant accounting and reporting framework in place and any applicable accounting standards or other direction under the circumstances.

The Section 151 Officer is responsible for preparing and filing a Statement of Accounts and financial statements which show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2022/23, applicable accounting standards or other direction under the circumstances.

Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of materially accurate financial statements.



# Our responsibilities

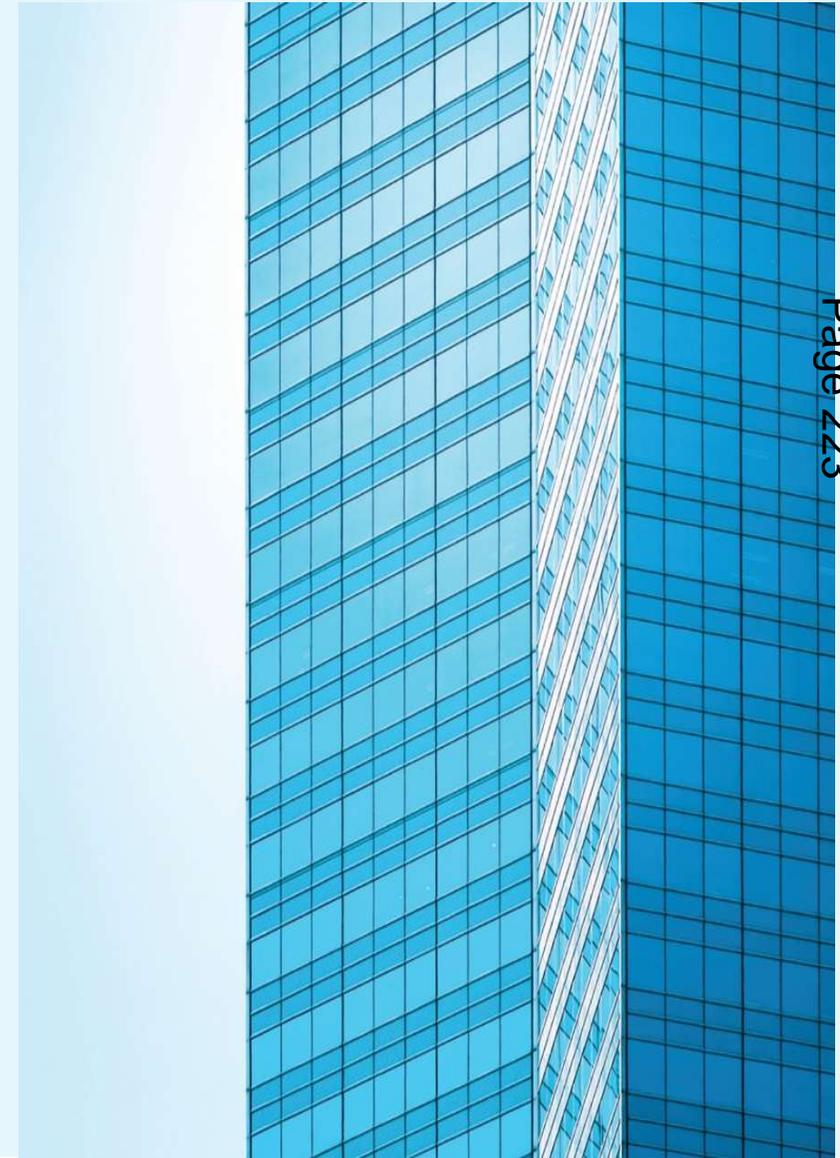
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## Our responsibilities and reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements. We report our opinion on the financial statements to the members of London Borough of Haringey Pension Fund.

## What we don't report

Our audit is not designed to identify all matters that may be relevant to London Borough of Haringey Pension Fund and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist



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  - Partner rotation
- ▶ **Appendices contents.**
  - Communications with you.
  - Management representation letter
  - Council's responsibilities
  - Our responsibilities
  - **FRC for Audit Committees**

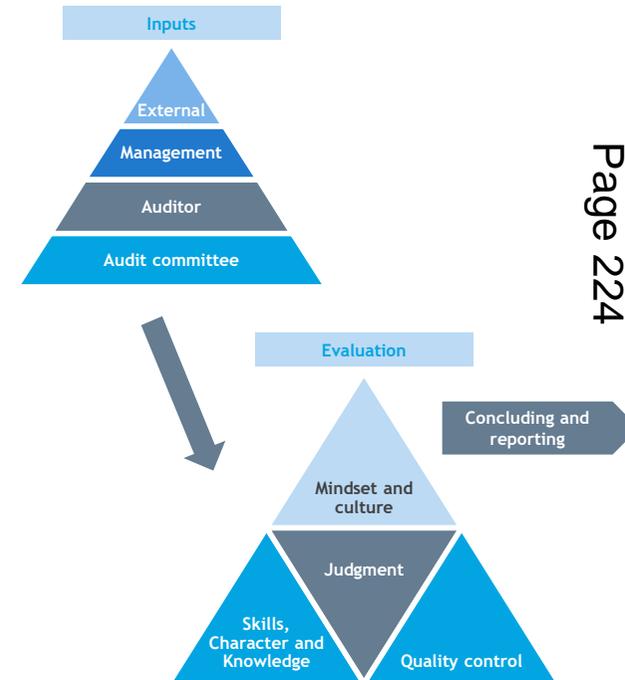
The Financial Reporting Council (FRC) issued an updated practice aid for audit committees in December 2019 and a full copy can be found on the [FRC website](#). In their practice aid the FRC note: ‘The directors of a Company (the Board as a whole) are responsible for ensuring its financial statements are prepared in accordance with the applicable financial reporting framework and for overseeing the Company’s internal control framework. A high-quality audit provides investors and other stakeholders with a high level of assurance that the financial statements of an entity give a true and fair view and provide a reliable and trustworthy basis for taking decisions.’

The practice aid then discusses how the role of audit committees in serving the interests of investors and other stakeholders is through their independent oversight of the annual corporate reporting process including the audit. The FRC highlight that the responsibility for appointing the external auditor, approving their remuneration and any non-audit services work, ensuring their independence and challenging them over the quality of their work falls to the audit committee and can play a key role in facilitating a high-quality audit (see note across).

It gives guidance for Audit Committees in the following areas:

- ▶ Audit tenders and the tender process including audit fee negotiations and auditor independence
- ▶ A model for use by audit committees in making an overall assessment of an external auditor including inputs, evaluations and concluding
- ▶ Transparency - reporting to the Board on how the audit committee has discharged these responsibilities
- ▶ Some guidance on key areas of audit judgement

The provision of high-quality audits are a key focus of FRC and the new Executive Director of Supervision, David Rule, sent a letter to all audit firms in November 2019 explaining the factors he would expect to see in place in order to facilitate the delivery of high-quality audits. A copy of the letter can be found on the [FRC website](#)





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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 London Borough of Haringey Pension Fund and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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