



LONDON BOROUGH OF HARINGEY

Audit Progress Report

23 January 2019

INTRODUCTION

Background

This report is intended to provide the Corporate Committee with an outline of our progress against our proposed work for 2018/19 and an update on outstanding work to be completed in relation to 2017/18 where applicable.

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

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

- to be satisfied that the accounts present a true and fair view
- to be satisfied that the organisation has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources

Non-Code and other assurance work

- certification assurance on the housing benefit subsidy claim
- certification assurance for the teachers pension return
- certification assurance for the pooled housing capital receipts return.

Tracking progress




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

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




Progress to date

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

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

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

AUDIT PROGRESS 2018/19

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
PLANNING				
Planning letter	We are required to provide you with a planning letter setting out the scope of the audit for the year and the proposed fees set by Public Sector Audit Appointments Limited (PSAA).	We issued our planning letter and the proposed fees for the Code audit are £158,986.	Planning Letter Issued April 2018.	
Audit plan	We are required to report to you the results of our detailed audit planning and the proposed audit response to significant audit risks ahead of commencement of the audit work.	We will agree our audit plan with management and report to the Corporate Committee on 26 March 2019.	Audit Plan Reporting to the Corporate Committee on 26 March 2019.	
FINANCIAL STATEMENTS				
Financial systems audit	Audit of the significant financial systems that support the financial statements to be completed before draft accounts are prepared.	We are in the process of reviewing and testing the operating effectiveness of internal controls operated by the Council.	<p>Significant deficiencies in internal controls</p> <p>We identified that the SAP general ledger system does not enforce segregation within the system on posting of journal entries over £50,000 per Council policy.</p> <p>We will discuss the progress made in respect of strengthening this control with management and consider whether it is a significant risk to our audit plan.</p> <p>No other significant deficiencies in internal controls have been identified through our audit work to date.</p> <p>All other observations on internal controls will be reported in our Audit Completion Report to the July 2019 Corporate Committee meeting.</p>	

AUDIT PROGRESS 2018/19

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
FINANCIAL STATEMENTS (continued)				
Interim visit	In order to comply with the early close down of the accounts and earlier audit report deadline we will conduct an audit of month 9 transactions with a view to reducing the amount of detailed audit work to be completed during the condensed final audit visit during June and July.	Management has agreed to provide these month 9 financial statements along with corresponding evidence/working papers to support the figures towards the end of January 2019 so that we are able to carry out an interim audit visit in February and March 2019.	We will provide an update at the March Corporate Committee as to the progress and success of this interim visit together with any significant findings.	TBC 26 March 2019
Final audit visit	Audit of the draft financial statements to determine whether these give a true and fair view and have been prepared in accordance with the CIPFA's Code of Practice.	Final audit testing of the financial statements will commence upon receipt of the draft financial statements, and on site at the Council from 3 June 2019.	<p>Audit Completion Report</p> <p>The findings of our audit on the financial statements will be reported to the Corporate Committee in July.</p> <p>Auditor's report</p> <p>The opinion on the financial statements will be included in the auditor's report and issued following the Corporate Committee's approval of the financial statements.</p>	<p>TBC</p> <p>July 2019</p> <p>Deadline</p> <p>31 July 2019</p>
Whole of Government Account (WGA) schedules audit	We are required to provide an opinion whether the Council's WGA consolidation pack is consistent with the financial statements.	Review to be undertaken during the financial statements audit at the final audit visit.	<p>Opinion on the WGA consolidation schedules</p> <p>The opinion on the consistency of the consolidation pack will be issued following the Corporate Committee's approval of the financial statements.</p>	<p>TBC</p> <p>Deadline</p> <p>31 August 2019</p>

AUDIT PROGRESS 2018/19


AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
GRANTS AND RETURNS (continued)				
Review of the pooling of housing capital receipts return	We are required to carry out ‘agreed upon procedures,’ as set out by the Department for Communities and Local Government (DCLG) and a report in accordance with <i>International Standard on Related Services (ISRS) 4400: Engagements to Perform Agreed-Upon Procedures Regarding Financial Information</i> on the quarterly Pooling of Housing Capital Receipts return entered onto DELTA system.	2017/18 update Our work in respect of the 2017/18 is still in progress as we are awaiting information from the Council to complete the review.	We will certify the return as soon as the remaining audit work in respect of new-build expenditure has been completed.	
		2018/19 Review to commence in September/October 2019.	Deadline for the 31 March 2019 audit certification is yet to be finalised by DCLG.	TBC
Review of the teachers’ pensions return	We are required to carry out ‘agreed upon procedures,’ as set out by Teachers’ Pensions, and a report in accordance with <i>International Standard on Related Services (ISRS) 4400: Engagements to Perform Agreed-Upon Procedures Regarding Financial Information</i> .	2017/18 update Our work in respect of the 2017/18 is still in progress as we are awaiting information from the Council to complete the review.	We will certify the return as soon as the remaining audit work is complete.	
		2018/19 Review to commence in September/October 2019.	Deadline for the 31 March 2019 audit certification is yet to be finalised by Teachers’ Pensions.	TBC
Grants report	Summary of our certification work.	2017/18 update We will issue our report upon completion of the audit of the pooling of housing capital receipts return and teachers’ pensions return. 2018/19 To be drafted after certification work has concluded.	Grants Report The key findings from our work will be reported to the Corporate Committee.	Deadline After completion of certification work

AUDIT PROGRESS 2018/19

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
OBJECTIONS				
Lender Option Borrower Option loans	Review the lawfulness of entering into LOBO borrowing.	Key findings and provisional view report shared with objectors and Statement of Reasons to be updated and issued as final.		TBC
Schools PFI contract	Review the lawfulness of entering into the PFI contact.	In progress.		TBC
Summons costs for non-payment of council tax	Review the lawfulness of the basis of estimating the costs for issuing summons for non-payment of council tax.	In progress.		TBC
Haringey Development Vehicle	Review the lawfulness of the proposal to proceed with the HDV joint venture.	Draft Statement of Reasons to be finalised.		TBC
Housing maintenance	Review whether Council is intentionally not maintaining their housing stock to sell them	To follow up on Council responses.		TBC
REPORTING				
Audit certificate	To certify the completion of the audit at the point that the auditor's responsibilities in respect of the audit of the period covered by the certificate have been discharged.	To be issued on completion of the audit of the financial statements and review of the arrangements to secure economy, efficiency and effectiveness.	Audit certificate The audit certificate to close the audit for the year will be included in the auditor's report.	Subject to clearance of objections
Annual audit letter	Public-facing summary of audit work and key conclusions for the year.	Annual audit letter to be drafted upon completion of audit work.	Annual audit letter The key findings from our audit will reported in the annual audit letter.	Deadline TBC

2017/18 AUDIT FEES

AREA	SCOPE	REASONS FOR OVERRUN	REPORTS / OUTPUTS	RAG
2017/18 FEE OVERRUN				
Scale fee overrun	The 2017/18 scale fee was varied by £20,084 increasing it from £206,475 to £226,559. Management and the PSAA agreed this.	We identified a number of errors in our testing of PPE, social care expenditure and Whole of Government Accounts (WGA), which required us to do further work to satisfy ourselves that there is no material misstatements in the financial statements. The errors identified were included as part of our audit completion report.	N/A	N/A



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

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