

Introduction

Work on finalising the 2020/21 audits of the main Council's Statement of Accounts and of the Housing Benefit Subsidy audit was suspended during the NHS audit period. This has now recommenced, albeit later than planned due to a number of significantly overrunning NHS audits.

We will also be available to answer any questions Members might have on the state of the wider public sector audit market and issues being faced.

Main Council Account's Audit:

Fieldwork re-commenced on 3 October 2022 and is currently booked through to Christmas. We have agreed onsite audit team presence at Haringey Council to aid efficiency in clearing down outstanding testing.

Following recommencement of the audit we have:

- HRA Valuations - reviewed the external valuer's responses to the 219 assets outside of our expectations. Where alternative comparables were provided by the external valuer to replace outliers, we have verified each of these to third party documentation and tested their inputs. We have consulted with our internal valuers where required, to sense check explanations provided.
- HRA Valuations - completed the beacons reconciliation and accounting treatment testing following receipt of evidence on queries raised.
- PPE and Investment Property Valuations – commenced review of input evidence (ie floor plans/leases) provided.
- PPE – reviewed sample evidence returned in respect of additions, assets under construction, depreciation and existence and subsequently raised further queries.
- PPE – reviewed evidence provided for queries raised on componentisation and depreciation and subsequently completed the testing in these areas.
- Schools' payroll expenditure - reviewed sample evidence provided where information has been returned. Followed up with all schools to chase for outstanding transaction and payroll reports.
- Grants Received in Advance – reviewed evidence provided for queries raised and subsequently completed the testing in this area.
- Cut Off Testing – reviewed sample evidence provided to clear off a large number of queries raised.

At the point of drafting this report, key outstanding work includes:

- HRA valuations – work being undertaken on properties falling outside of our expectation range. In discussion with internal property valuers to understand alternative processes.
- PPE and Investment Property valuations – review of documentation relating to inputs.
- Receipt and review of documentation relating to queries around additions, disposals, existence and completeness of assets.
- Payroll expenditure, including schools' payroll – receipt and review of documentation, specifically seven schools who have yet to provide transaction/payroll listings to select initial samples from.
- Review of documentation provided in respect of journals, grant income, debtors and creditors queries.

- Completion of related parties, commitments and contingencies, going concern, subsequent events review.

Primary Manager level audit file quality review, is planned to be undertaken throughout November 2022 to January 2023, alongside staff fieldwork bookings. However, this cannot be completed until all fieldwork has been completed, so any delays (whether this is due to auditor absence/illness, outstanding/incomplete supporting documentation, or further issues identified during or because of testing) will impact on our ability to meet this timetable.

Partner and External Quality Control Review processes will follow on from the Manager review. As stated above, the timing for this is dependent upon preceding processes. We anticipate that this will be completed by the end of February 2023.

Technical reviews on accounts have commenced, discussions on going with management on points raised.

Resolution of the infrastructure issue

At the time of drafting this note:

- Amendment to the CIPFA/LASAAC Code to remove the need to report gross cost and gross accumulated depreciation in notes to the Statement of Accounts. We are currently awaiting finalisation and approval of proposed amendments, specifically approval from the Financial Reporting Advisory Board (FRAB).
- Statutory Instrument (SI) drafting and agreement by DLUHC to address issues relating to the net carrying value of Infrastructure issues. DLUHC launched a consultation on 27 October (ending 7 November) on a draft SI. The consultation can be found at: <https://consult.levellingup.gov.uk/redmond-response-team/cc1364f3/>
- Our current expectation is that the position relating to Infrastructure will be resolved to enable completion in early New Year – whether this is the target no qualifications solution or, if the DLUHC SI does not adequately address all necessary audit concerns, a residual qualification relating to that.

Use of Resources:

Completion of “New” NAO Code work. The new approach will consider the areas previously focused on as “significant risks” under the previous Code, so financial sustainability, but will cover arrangements for other areas in greater detail than historically has been the case, as well as the new area of focus on “improving value for money”

Summary of main audit

We anticipate the various elements, particularly infrastructure, will conclude by the end of February 2023.

We propose bringing an Audit Progress Report to the 2 February 2023 meeting of the Corporate Committee, with a final Audit Completion Report to be issued in March 2023.



Housing Benefit Subsidy Audit:

Fieldwork commenced w/c 3 October 2022 and is currently booked through to Christmas.

Notable delays were experienced in obtaining access to the Northgate benefits system to undertake reperformance testing. However, additional auditor resources have been secured to ensure time lost has not impacted on timeline to conclude.

At the point of drafting this report, key outstanding work includes:

- Reperformance testing is ongoing, with a total of 21 40+ workbooks to be re-performed. (NB: "40+" refers to mandatory extended testing where issues have been identified either brought forward from the previous year or new issues identified from the basic "initial" testing)
- Quality review processes will be undertaken during November and December 2022.

We working towards concluding on the 2020-21 Housing Benefit Subsidy audit by end of the calendar year, but recognise that this is a challenging timetable.

We propose bringing a Grants Report to the 2 February 2023 meeting of the Corporate Committee.

David Eagles, Partner
For and on behalf of **BDO LLP**, Appointed Auditor
7 November 2022