



# 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

## Introduction

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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



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# Overview

## Audit scope and objectives

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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 2022/23 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 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.

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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.

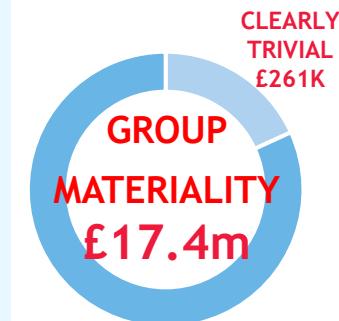
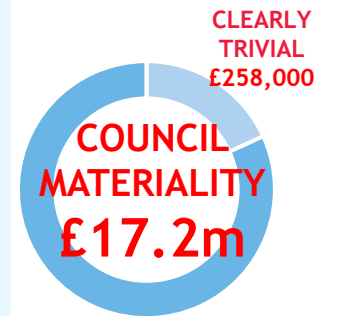
### Material misstatements

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.





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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 1

## Management override of controls

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	C	E	A	V	P	2022/23	2021/22
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

### Key to audit assertions:

C - Completeness

E - Existence

A - Accuracy

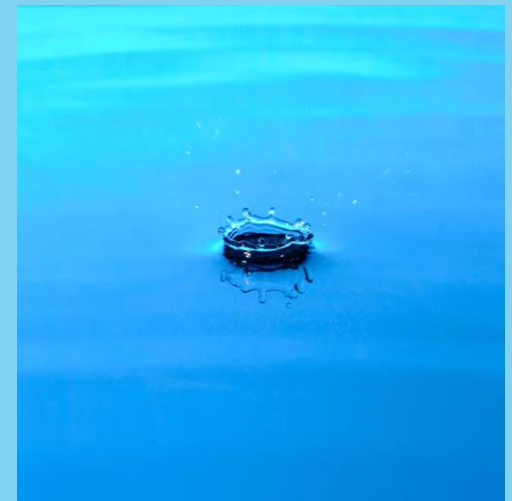
V - Valuation

P - Presentation

### 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



# 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



# Risk 3

## Valuation of net pension liability

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	C	E	A	V	P	2022/23	2021/22
Net pension liability (before application of asset ceiling)				✓		£34 million	£482 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

E - Existence
- A - Accuracy

V - Valuation
- P - Presentation

● 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	2022/23	2021/22
Land and Buildings				✓		£3.3 Billion	£2.9 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.

Key to audit assertions

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

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



# Risk 5

## Revenue Recognition (Grants)

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	C	E	A	V	P	2022/23	2021/22
Revenue				✓		£699 million	£648 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 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	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>



# Use of resources

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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.





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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.





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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 MTFS.

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.

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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

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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.

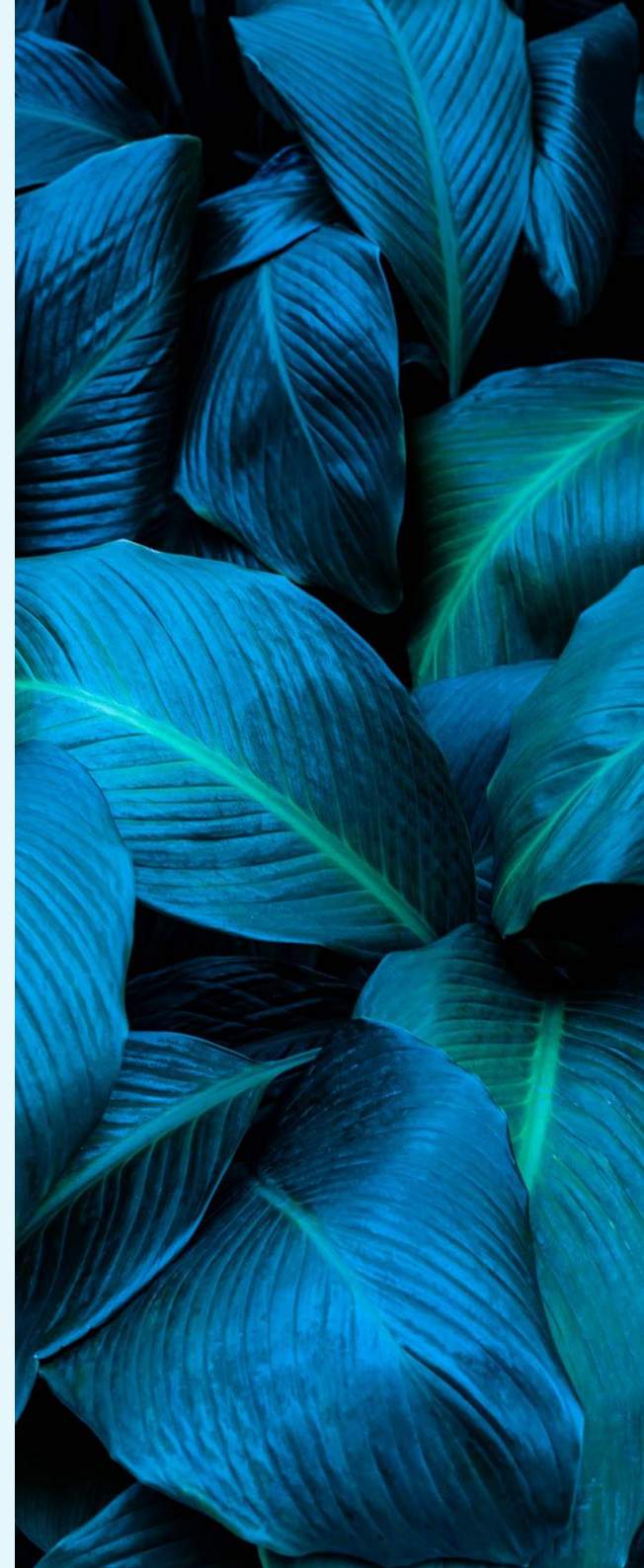
In order to safeguard audit quality, we will employ a policy of gradual rotation covering the team members below as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.

### 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



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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.



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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.



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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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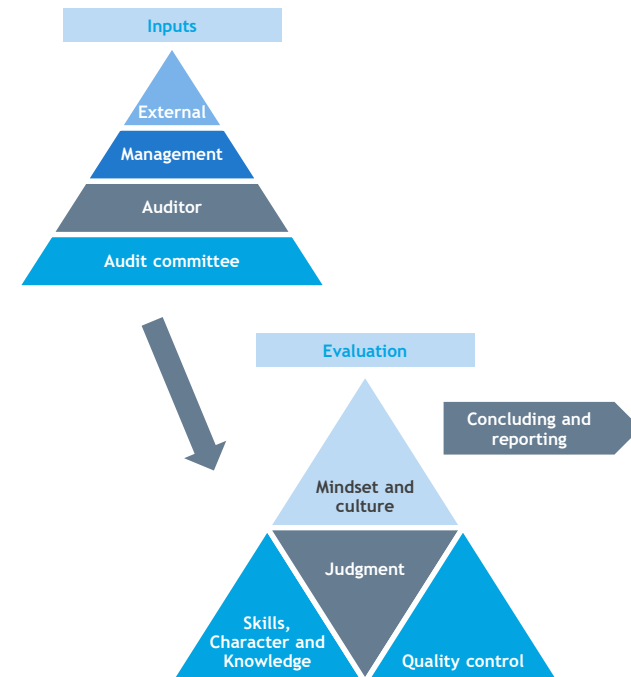
The Financial Reporting Council (FRC) issued an updated practice aid for audit committees in December 2019 and a full copy can be found on the [FRC website](#). In their practice aid the FRC note: 'The directors of a Company (the Board as a whole) are responsible for ensuring its financial statements 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)



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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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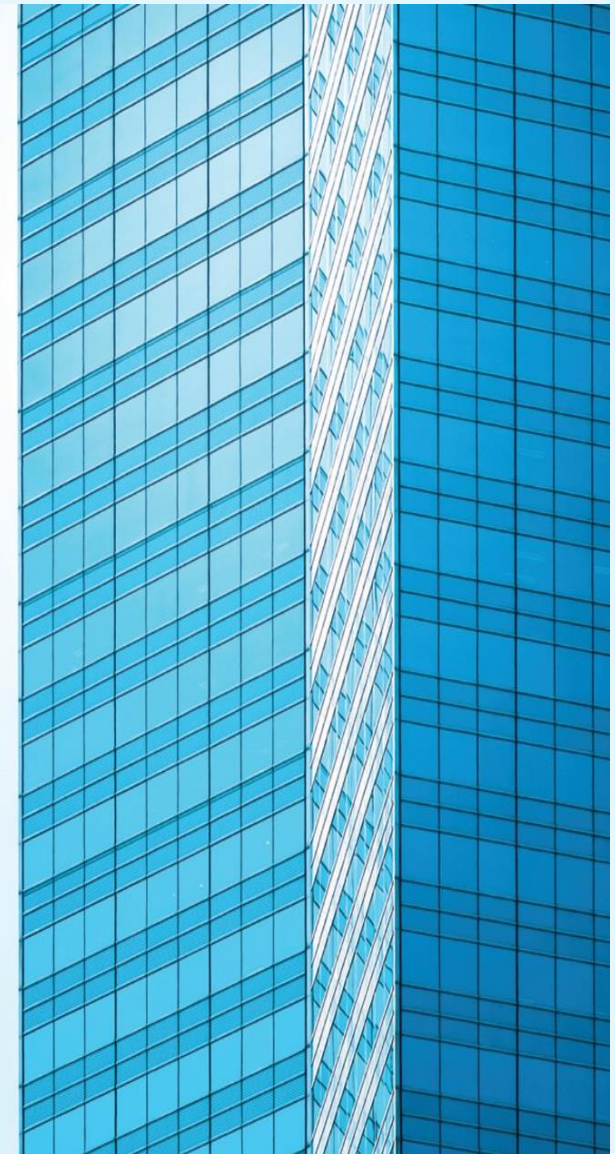
## Our responsibilities and reporting

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





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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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