


**Haringey** Council

Report for:	Corporate Committee – 23 <sup>rd</sup> January 2012	Item Number:	
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Title:	Annual Audit Letter 2010/11
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Report Authorised by:	 Julie Parker, Director of Corporate Resources
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Lead Officer:	<b>Kevin Bartle</b> <b>Assistant Director – Finance</b> Tel: 020 8489 5972; Email: kevin.bartle@haringey.gov.uk
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Ward(s) affected: All	Report for Key/Non Key Decisions: Key Decision
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**1. Describe the issue under consideration**

The Annual Audit Letter is part of the formal process of external audit and provides an independent assessment of the Council's position in terms of progress in meeting its strategic objectives.

The purpose of this report is to receive the Annual Audit Letter for 2010/11 from the Council's external auditors, Grant Thornton, and to note the issues raised and actions being taken.

**2. Cabinet Member Introduction**

Not applicable

**3. Recommendations**

To receive the Annual Audit Letter for 2010/11 and to note the Council's response.



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#### **4. Background information**

The Annual Audit Letter for 2010/11 is compiled by the Council's appointed external auditors Grant Thornton. It summarises the conclusions and significant issues arising out of the audit work for the Council in the preceding year. It includes information from the audit of the Council's accounts, the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources and the certification of claims and returns.

The Annual Audit Letter for 2010/11 from Grant Thornton is an important external assessment of the Council's overall position.

The auditors' findings have been reported previously to the Corporate Committee and actions agreed in response. The Corporate Committee is responsible for monitoring the implementation and progress of the detailed actions, which are summarised in this report.

#### **5. Comments of the Chief Finance Officer and financial implications**

The resource implications for implementing the actions recommended in the Annual Audit Letter have been considered as part of the overall financial and business planning process and are included within the previously approved budget.

#### **6. Head of Legal Services and legal implications**

The Head of Legal Services has been consulted on the content of this report and has no specific comment to make.

#### **7. Equalities and Community Cohesion Comments**

Not applicable

#### **8. Head of Procurement Comments**

Not applicable

#### **9. Policy Implications**

None

#### **10. Use of Appendices**

Annual Audit Letter 2010/11 – Grant Thornton



## 11. Local Government (Access to Information) Act 1985

The following background papers were used in the preparation of this report:

- Report of the Director of Corporate Resources to the Corporate Committee on 27 September 2011 – Statement of Accounts 2010/11 and Annual Governance Report – to present the statement of accounts and consider the statutory report of Grant Thornton, the Council's appointed auditor
- Report of Grant Thornton to the Corporate Committee on 27 September 2011 – Review of the Council's arrangements for securing financial resilience

## 12. Annual Audit Letter 2010/11

This is the fourth year of Grant Thornton operating as the Council's external auditor. Council officers have worked closely with Grant Thornton in preparation for, and during, the audit and a positive relationship continues to exist.

In terms of the audit of the accounts for 2010/11 the Council received an unqualified opinion from the external auditors. This was formally reported to the Corporate Committee on 27 September 2011 within the statutory deadline. This is a positive outcome for the Council.

The auditors' Value for Money (VFM) conclusion was that "the Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011". This was also formally reported to the Corporate Committee on 27 September 2011.

Audit work on the certification of grant claims and returns is reported on a separate agenda item to this committee.



### 13. Summary Actions

A summary of the key areas for Council actions, and the responses, are set out in the table below:

Key areas for Council action	Response	Responsible Officer
<p>The Council should continue to monitor its Medium Term Financial Plan during delivery, in particular in relation to changes to key assumptions, such as the impact of demographic change and price inflation in the medium term, and the outcome of the Government's funding settlement for the final two years of the plan</p>	<p>The Council has implemented a comprehensive risk based in-year performance and finance based monitoring schedule including:</p> <ul style="list-style-type: none"> <li>• projecting outturn for current year and its effect on future years based on detailed unit cost projections,</li> <li>• saving targets and their underlying assumptions are scrutinised by senior management and cabinet periodically, and</li> <li>• detailed sensitivity analysis factoring in risks to Government funding and the impact on reserves.</li> </ul>	<p><b>Director of Corporate Resources</b></p>
<p>The Council needs to ensure that it continues to plan for future changes to financial reporting, particularly in relation to the accounting treatment of schools and of heritage assets.</p>	<p>The Council continues to horizon scan in respect of changes in the technical requirements for financial reporting. The Council will embark on a detailed investigative exercise to identify and correctly account for the requirements relating heritage assets and schools.</p>	<p><b>Director of Corporate Resources</b></p>
<p>The Council will continue to work closely with Alexandra Park &amp; Palace to ensure that accounts closedown timetables are aligned.</p>	<p>The Council has established positive working relations with colleagues at Alexandra Park &amp; Palace, and will continue to work closely with the Trust to ensure both organisations synchronise year end timetables.</p>	<p><b>Director of Corporate Resources</b></p>
<p>The Council will need to ensure that it effectively continues to address the many changes that it faces in 2011/12 including those brought about by the Localism Act, the distribution of Business Rates, localisation of Council tax benefits and major changes to the funding of the Housing Revenue Account.</p>	<p>The effects of the Localism Act, the distribution of Business Rates, localisation of Council tax benefits and major changes to the funding of the Housing Revenue Account are already built into the MTFP which is scrutinised by Cabinet frequently, and will continue to be closely monitored.</p>	<p><b>Director of Corporate Resources</b></p>



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<b>Key areas for Council action</b>	<b>Response</b>	<b>Responsible Officer</b>
The Council will also need to continue to assess the impact of the Olympics on the borough.	The Council continues to work closely with the Mayor, neighbouring boroughs and appropriate government agencies including TfL, Met Police and OPLC to identify and address common issues.	<b>Chief Executive and the senior management team</b>