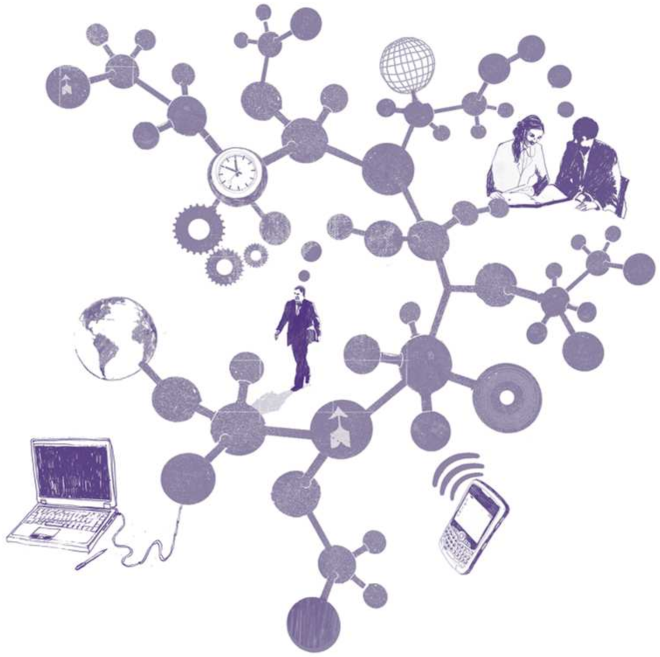
The Audit Findings for London Borough of Haringey

Year ended 31 March 2013

September 2013



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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. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Contents

Section 1: Executive summary

Executive summary

Purpose of this report

This report highlights the key matters arising from our audit of London Borough of Haringey ('the Council') financial statements for the year ended 31 March 2013. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Council's financial statements present a true and fair view of the financial position, its expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. We are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

Introduction

In the conduct of our audit we have revised our planned audit approach, which we communicated to you in our Audit Plan dated March 2013. The revisions detailed within Section 2 increased the efficiency of our audit. Our audit is substantially complete although we are finalising our work in the following areas:

- review of the final version of the financial statements
- obtaining and reviewing the final management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion
- completion of our closing processes
- Whole of Government Accounts

We received the draft financial statements in accordance with the national deadline. A number of working papers supporting entries within the draft statements were provided on the first day of the audit. A more complete set of working papers referenced to our audit arrangements checklist was provided throughout the first week of the audit.

Key issues arising from our audit

Financial statements opinion

We anticipate providing an unqualified opinion on the financial statements.

We have not identified any material adjustments affecting the Council's reported financial position. The draft financial statements recorded net expenditure of £132,761k; the audited financial statements show net expenditure of £132,761k. Our audit identified misstatements that were not material, but were above our trivial level. These misstatements are recorded within section 2 of the report. Council officers have taken the decision not to adjust their financial statements and have stated their reasons within the Letter of Representation which we ask the Corporate Committee to approve in accordance with normal practice.
We have also made a number of adjustments to improve the presentation of the financial statements.

The key messages arising from our audit of the Council's financial statements are as follows:

- We recognise the considerable effort that the Council has made to improve the processes for preparing their financial statements and the increased level of commitment to supporting the audit process. This has resulted in a notable improvement in the quality of the financial statements provided for audit. The underlying data supporting the transactions and balances within the financial statements has proved to be more robust. As a result, we have not identified any material misstatements in the financial statements.
- The overall quality of the working papers provided for audit is improving, but the quality remains variable. In some instances initial working papers provided for key areas of the audit e.g. Property, Plant and Equipment did not contain sufficient detail for us to undertake our testing and a couple of detailed year end reports to support balances were not run at the year end. This resulted in additional information requests. Officers responded to these queries positively and on a timely basis allowing the audit to be completed within the agreed timetable.
- Our substantive testing of the balances within the financial statements has not identified any material errors or misstatements.
- Auditing standards require us to reconfirm opening balances. We have been unable to verify the opening balance of infrastructure assets as these assets are grouped. We are satisfied that the balance is not materially misstated as we have undertaken in year testing of infrastructure assets in previous year audits. The Council should ensure these assets are still held and in use and can be easily identified and located to confirm their existence.
- Misstatements have been identified within the Property Plant and Equipment, Debtors and schools cash balances on the balance sheet which are not material. The Council has opted not to amend their financial statements for these misstatements.
- A number of presentational issues were identified that the Council has corrected for in the revised set of financial statements.
- We propose to give an unqualified opinion on the Council's financial statements following the Corporate Committee on 19 September.

Further details are set out in section 2 of this report

Value for money conclusion

We are pleased to report that, based on our review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, we propose to give an unqualified VFM conclusion.

Further detail of our work on Value for Money is set out in section 3 of this report.

Whole of Government Accounts (WGA)

The Council has submitted the draft WGA consolidation pack for audit on 2 September 2013. We will complete our work in respect of the Whole of Government Accounts in accordance with the national timetable.

Controls

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.
Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council.

We draw your attention in particular to control issues identified in relation to:

- access and maintenance of user information relating to the General Ledger system.
- timely completion of reconciliations between the payroll system and the general ledger

Further details are provided within section 2 of this report.

The way forward

Matters arising from the financial statements audit and review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Director of Corporate Resources.

We have made a number of recommendations, which are set out in the action plan in Appendix A.[Recommendations have been discussed and agreed with the Director of Corporate Resources and the finance team.]

Acknowledgment

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Grant Thornton UK LLP
September 2013

Section 2: Audit findings

Overview of audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Corporate Committee on 14 March 2013. We also set out the adjustments to the financial statements from our audit work and our findings in respect of internal controls.

Changes to Audit Plan

The Audit Plan dated March 2013 stated that we would undertake substantive testing on transactions for depreciation of Property Plant and Equipment and on Housing Revenue Account Income. We have since determined that undertaking a detailed analytical review on these items would be a more efficient method to obtain our assurances. In addition, we stated that we would test the key controls within the operating expenses cycle to gain assurance over the completeness of the creditors balance. On review of the key controls in place we decided that it would be more efficient to undertake substantive tests to ensure the completeness of the balance.

Status of audit

Overall progress has been in line with the planned timetable and subject to completion of the outstanding matters highlighted on Page 5 we plan to give an unqualified opinion on the financial statements following the Corporate Committee on 19 September. There has been a significant improvement in the quality of the financial statements provided to audit this year and we have not identified any material amendments to the financial statements.

Working papers supporting entries within the financial statements were provided on the first day of the audit. This was not a complete set in line with our requirements which were sent to the Council on 12 March 2013 and additional working papers continued to be provided throughout the first week of the audit. Providing working papers in line with our requirements would result in a more efficient audit. The overall quality of the working papers is improving, but the Council need to strengthen processes for the preparation and review of working papers. The first set of PPE (one of the highest risk areas -see page 11) working papers did not contain the detail we needed to commence work in that area.
We also identified examples where the initial working papers provided did not contain sufficient detail for us to select samples to undertake our substantive testing and for Housing Rent debtors and legal cases the relevant reports were not run at the year end to enable us to test these balances. These issues resulted in additional information requests and further testing that impacted on the progress of the audit. The Council needs to undertake a thorough review of the quality of its working papers prior to them being submitted for audit.

Misstatements identified during the audit process

Our testing has not identified any material misstatements within the financial statements. We have identified the following misstatements that we are required to report to you under auditing standards as they are deemed "above trivial"..

- Assets relating to schools that should be classified as Vehicles and Plant and Equipment are being recorded as Other Land and Buildings within the fixed asset register. As a result, these assets are being written out of the asset register on revaluation and prior to revaluation are depreciated over an incorrect period. The error has resulted in a misclassification of schools assets in the current year of £1,595k and an estimated £3m understatement of school Vehicles, Plant and Equipment assets from prior years.
- Our review of the fixed asset register and the external valuers report, identified £38.7m of assets had not been valued. This is because the valuer had not been instructed to value these assets. The average decrease on buildings on the valuation is 25%. Therefore, there is a potential overstatement of assets that have not been valued of £9.7m. Of the £38.7m, £25.3m has been disposed of in the year reducing the potential overstatement of assets to £3.35m, which is a non-material movement.

Overview of audit findings

- Infrastructure Assets are recorded on the fixed asset register in blocks. The Council has separated out these blocks to individual assets for 2012/13 transactions and have substantially completed 2011/12 additions. The Council are continuing this exercise for earlier years but as yet no detailed figures are available. As a result, it has not been possible to verify the existence of the opening balance of £135,325k of infrastructure assets within the asset register as we are required to do by auditing standards. We have been able to verify additions in 2012/13 and have tested previous year additions as part of previous year audits so we are satisfied that the bought forward balance is not materially misstated. There is a risk that assets included in the register are no longer in use or held by the Council. The Council should ensure that assets included in their asset register are still held and in use and can be easily identified and located to confirm existence.
- Sample testing of Assets Held for Sale and Other Land and Buildings identified that William Harvey School should not have been valued and disposed of at the beginning of the year as it was demolished in previous years, Hornsey Central Depot incorrectly recorded at nil balance within Other Land and Buildings which should have been classified as an Asset Held for sale and Cranwood Residential Home classified as an Asset Held for Sale should be recorded as a Surplus Asset.
- Our sample testing of schools bank accounts identified a number of errors on the reconciling items. As a result the Council have reviewed all the school bank account reconciliations which has identified that the schools bank balances were understated by £384k
- We identified that National Non Domestic Rates debtors of £1.56m were incorrectly included within the financial statements. These balances are due to the national pool and not the Council. We note that the Council's treatment complies with the 2013/14 accounting requirements.

The Council has opted not to amend their financial statements for the issues identified. The proposed adjustments are recorded in pages 18-19.

Audit opinion

We anticipate that we will provide the Council with an unqualified opinion following the Corporate Committee on 19 September 2013. Our audit opinion is set out in Appendix B.

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	**Improper revenue recognition** Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition	• review and testing of revenue recognition policies • Performance of attribute testing on material revenue streams	Our audit work has not identified any issues in respect of revenue recognition.
2.	**Management override of controls** Under ISA 240 there is a presumed risk of management over-ride of controls	• review of accounting estimates, judgements and decisions made by management • testing of journals entries • review of unusual significant transactions	Our audit work has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues. We set out later in this section of the report our work and findings on key accounting estimates and judgments.
3.	**Property, Plant & Equipment is not complete** There is a risk that Property, Plant & Equipment activity is not valid.	• walkthrough of the PPE system to ensure the expected controls are in place • review of the processes to populate the new fixed asset register • Substantive testing of in-year additions and disposals • Performance of existence testing on a sample of assets	The walkthrough of the controls in place in the PPE cycle did not identify any weaknesses. Substantive testing of additions and disposals identified errors in the classification of school assets. We also noted that assets have been removed from the register in 2012/13 that had been disposed of in previous years. The value of these assets was not material and we are satisfied that the Council has correctly removed these assets from the register within the year. We were unable to verify specific infrastructure assets as these are included as blocks on the asset register. There is a risk that assets included in the register are no longer held by the Council.

Audit findings against significant risks (continued)

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
4	**Property, Plant & Equipment gross valuation is incorrect** There is a risk that the revaluation measurement of Property, Plant & Equipment is not correct.	• we have discussed with the Council the arrangements in place to value PPE for 2012/13 • reviewed the work performed by the valuer including ensuring that any valuations have been undertaken in accordance with the requirements of the appropriate accounting and professional standards • tested valuations to ensure that they have been correctly accounted for in the financial statements	We are satisfied that valuations have been undertaken in accordance with the appropriate accounting and professional standards. The listing of assets submitted to the valuer was not complete and as a result there is a potential overstatement of £3.35m on the value of Other Land and Buildings.
5	**Property, Plant & Equipment gross valuation is incorrect** There is a risk that expenditure on Property, Plant & Equipment has been improperly expensed.	• We have identified large or unusual additions and disposals and tested a sample of these. • Testing of journals entries • Reviewed unusual significant transactions	Our audit work has not identified any significant issues in relation to the risk identified. The finding in relation to previous year disposals is highlighted above.

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Operating expenses	Creditors understated or not recorded in the correct period	We have undertaken the following work in relation to this risk: • documented our understanding of processes and key controls over the transaction cycle • reviewed large and unusual items and tested these • tested large and unusual journals to gain assurance that there are adequate controls in place over inputting and processing and that these have operated effectively through the financial year	Our audit work has not identified any significant issues in relation to the risk identified
Employee remuneration	Remuneration expenses not correct	We have undertaken the following work in relation to this risk: • documented our understanding of processes and key controls over the transaction cycle • performed attribute testing on a sample of payroll payments made during the year gaining assurance that employees have been remunerated at the correct rates during 2012/13. • tested the agreement of HMRC returns to staff records	We identified that a monthly reconciliation between the General Ledger and the Payroll system has not been undertaken within the year. Officers have since completed the reconciliation as part of the audit process and there are no further issues to report.

Audit findings against other risks (continued)

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Welfare expenditure	Welfare benefits improperly computed	We have undertaken the following work in relation to this risk: • documented our understanding of processes and key controls over the transaction cycle • completed the initial DWP certification testing of Housing and Council Tax benefits , including analytical review and verification of benefits awarded on a sample basis.	Our initial testing of 80 cases has identified errors that have lead to an overpayment of benefit to claimants. We have undertaken an extrapolation exercise and are satisfied that any potential overpayment is not material.
Housing rent	Revenue transactions not recorded.	We have undertaken the following work in relation to this risk: • documented our understanding of processes and key controls over the transaction cycle • performed detailed analytical review procedures in order to gain assurance over the completeness of rental income	Our audit work has not identified any significant issues in relation to the risk identified.
Property, plant & equipment	Allowance for depreciation not adequate	We have undertaken the following work in relation to this risk: • documented our understanding of processes and key controls over the transaction cycle • reviewed the fixed asset for depreciation rates outside those set out in the policy	We identified that the useful lives for Vehicles Plant and Equipment and Infrastructure assets calculated by the asset register is not consistent with the depreciation policy. The Council has amended the policy to include a range of lives for these assets.

Audit findings against other risks (continued)

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Property, plant & equipment	PPE are impaired	We have undertaken the following work in relation to this risk: • documented our understanding of processes and key controls over the transaction cycle • reviewed the work performed by the valuer, which included ensuring that any valuations had been undertaken in accordance with the requirements of the appropriate accounting and professional standards • reviewed the Council's fixed asset register to ensure that revised valuations had been correctly accounted for in the financial statements	With the exception of the potential overstatement of £3.35m on the value of Other Land and Buildings mentioned above we have not identified any other issues to bring to your attention.

Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	• Income is accounted for in the year the activity takes place, not simply when the cash is received i.e. on an accruals basis. This means income is recorded when it is earned not received. • Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council. • Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and is probable that economic benefits or service potential associated with the transaction will flow to the Council.	We have reviewed the appropriateness and the disclosure of the accounting policy which agrees to the requirements of the Code of Practice on Local Authority Accounting 2012/13. We have undertaken substantive testing of grants and other revenues and we are satisfied that the Council has recognised income in the financial statements in accordance with the accounting policy.	●
Judgements and estimates	• Key estimates and judgements include : – useful life of capital equipment – pension fund valuations and settlements – revaluations – impairments – Provisions – Receivables and payables estimates (including provision for irrevocable debt	• We have obtained assurances from the external valuer, that asset valuations and impairments are based on reasonable assumptions and that the depreciation basis is reasonable. • Pension fund valuations and settlements have been agreed to the actuary reports. We have undertaken sufficient work to be able to place reliance on the work of the actuary. • We have gained assurance that key estimates and judgements in regard to provisions, meet the criteria of being more likely than not to arise, quantifiable and arise from past obligations. We are satisfied that estimates and judgements are disclosed. • We have gained assurance that other key areas such as debt provisions and accruals are true and fair.	●

Accounting policies, Estimates & Judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Trust's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Other accounting policies	We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards.	Our review of the accounting policies identified some minor improvements. The Council has updated their policy accordingly.	●

Assessment
- ● Marginal accounting policy which could potentially attract attention from regulators
- ● Accounting policy appropriate but scope for improved disclosure
- ● Accounting policy appropriate and disclosures sufficient

Unadjusted misstatements

The table below provides details of adjustments identified during the audit but which have not been made within the final set of financial statements. The Corporate Committee is required to approve management's proposed treatment of all items recorded within the table below:

	Detail	Comprehensive Income and Expenditure Account £'000	Balance Sheet £'000	Reason for not adjusting
1	William Harvey School should not have been revalued and disposed of at the beginning of the year as the asset has been demolished.	Income and Expenditure change of £1,993k Decrease in Movement in Reserves Statement £1,993k	Decrease in Other Land and Buildings £77k. Charge to Capital Adjustment Account £77k	This asset was demolished in a previous financial year and needed to be written out of the Council's asset base in 2012/13; the disposal was processed at the end of the 2012/13 year rather than at the beginning and as a result it was revalued prior to being written out of the council's accounts. As the asset was subsequently fully written out the closing balance sheet position of the council's assets and therefore the opening 2013/14 position is correct for the purpose of any reader wanting to understand the value of the assets held by the Council. The adjustment represents approximately 1.5% of the I&E account.
2	Hornsey Central Depot was included under Other Land and Buildings, but should have been classified as an Asset Held for Sale. Values have not been stated within the table due to commercial sensitivity.	Not applicable	Decrease in Other Land and Buildings Decrease Revaluation Reserve Increase Assets held for Sale	As the rules governing Assets Held for Sale differ from those relating to Other Land and Buildings there is an effect on the Revaluation Reserve however, this is an unusable reserve used only to record accounting (as opposed to real) changes in value and does not therefore distort the readers' understanding of the accounts. The adjustments required amount to approximately 0.1% of the Balance Sheet value.

Unadjusted misstatements

	Detail	Comprehensive Income and Expenditure Account £'000	Balance Sheet £'000	Reason for not adjusting
3	Cranwood Residential Home was recorded as an Asset held for Sale which should be classified as a Surplus asset	Decrease Income and Expenditure £360k Increase Movement In Reserves Statement £360k	Decrease in Other Land and Buildings £76k Decrease Assets held for sale £1,062 Decrease Revaluation Reserve £1,878k Increase Surplus Assets £3,376k Decrease Capital Adjustment Account £360k	As the rules governing Assets Held for Sale differ from those relating to Surplus Assets there is an effect on a number of the Council's unusable reserves (Revaluation Reserve and Capital Adjustment Account) however, as these are used only to record accounting (as opposed to real) changes in value it does not distort the readers' understanding of the accounts. All of the adjustments required represent substantially less than 1% of the I&E and Balance Sheet values.
4	Assets relating to schools that should be classified as Vehicles, Plant and Equipment are being recorded as Other Land and Buildings within the fixed asset register.		Decrease Other Land and buildings £1,595k Increase Vehicle, Property and Equipment £1,595k Increase Vehicle Plant and Equipment £3,000k Increase Revaluation Reserve £3,000k	The auditors have identified a misclassification of school assets acquired in 2012/13 which does not affect the overall level of the Council's asset base merely its categorisation on the Balance Sheet; they have further estimated the effect of previous years' misclassifications. None of these changes would affect the understanding of the reader as they are of immaterial value and affect the unusable reserves of the Council (Revaluation Reserve) The adjustments represent approximately 0.3% of the Balance Sheet Long Term Asset values.

Unadjusted misstatements

	Detail	Comprehensive Income and Expenditure Account £'000	Balance Sheet £'000	Reason for not adjusting
5	Potential reduction of assets that were not valued in year		Decrease in other Land and Buildings £3,350k Decrease in Revaluation Reserve £3,350k.	Any notional reduction applied would also be offset by an equal and opposite adjustment to one of the Council's unusable reserves (Revaluation Reserve) and is not considered to have an effect upon the understanding of a reader of the Council's asset base and has no overall effect on the Council's Balance Sheet. The adjustment represents approximately 0.2% of the Balance Sheet Long Term Assets.
6	Errors identified in schools balances		Increase schools cash balances £384k Increase schools reserves £384k	Because schools' balances carry forward automatically between years this will be corrected as part of the 2013/14 closure process. Given the relatively small cash value it does not distort the reader's understanding of the Council's accounts and represents approximately 0.2% of the Council's usable reserves.
7	National Non Domestic Rates debtors incorrectly included within the financial statements	Decrease income £1,560k	Decrease debtors £1,560k	The Council's current accounting treatment is compliant with the regulations going forward and any adjustment would need to be reversed in 2013-14. Given the relatively small value it does not distort the reader's understanding of the Council's accounts and represents approximately 1% of the Council's usable reserves.

Misclassifications & disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements. There is no impact on the core financial statements

	Adjustment type	Value of misstatement £'000	Account balance	Impact on the financial statements
1	Misclassification	2,986	Settlements and Curtailments	Balances for settlements and curtailments under the defined benefit pension scheme assets and liabilities note 47 did not agree to the actuarial report. The balances have been overstated by £2,986k. There is no impact on the financial statements.
2	Disclosure	Nil	Post Balance Sheet Events	The Council has Investments with Heritable Icelandic bank. Heritable's residual mortgage book was sold to a third party after the year end. This could impact the amount and profile of future recoveries. LLAP Bulletin 82 update 7 stated that this should be disclosed as a subsequent event. Note 6 of the financial statements has been updated accordingly.
3	Disclosure	Nil	Investment Properties	The Council has not disclosed operating leases for the leased investment properties. This should be disclosed in the leases or the Investment property note.
4	Disclosure	Nil	Accounting Policies	The remaining lives for Vehicles Plant and Equipment and Infrastructure assets is not consistent with the depreciation policy. The Council has amended the policy to include a range of lives for these assets.
5	Disclosure	Nil	Revenue Expenditure funded from capital under statute (REFCUS)	There is a historical issue with the reclassification of REFCUS from Assets Under Construction. This has been resolved for future years, but £6m of prior year costs have been recognised as REFCUS in note 7 as part of the total £17m. This is not consistent with the disclosure in the Capital Finance Note 40(£11m). The Council has now separated out REFCUS expenditure in Note 7 to ensure consistency with Note 40.

Misclassifications & disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements. There is no impact on the core financial statements

	Adjustment type	Value £'000	Account balance	Impact on the financial statements
6	Disclosure	Nil	Schools balances	The disclosures relating to schools assets should be expanded to include: • details of the value of assets that have been disposed of in year as a result of schools achieving Academy Status; and • details of the expected schools that will achieve Academy Status in 2013/14.
7	Disclosure	Nil	Capital Financing Requirement	There is a variance of £2,719k between the Capital Financing Requirement reported in the Statement of Accounts Note 40 of £548,822k and that which would be calculated based on the balances of the Non-Current Assets, Revaluation Reserve and Capital Adjustment Account of £546,103k as required by CIPFA's prudential code. The variance was identified in the prior year and it has only moved by £5k from the prior year position. No amendment to the financial statements is proposed.
8	Disclosure	34	Audit Fee	The fee for the audit and grant certification per Note 36 of the financial statements of £368k is overstated by £34k.
9	Disclosure	Nil	Leases/Accounting Policies	Our testing of operational leases identified one lease that was classified as an operational lease which should be a finance lease. The Council has stated that as the leases with a value of less than £50k have not been recognised. The Accounting Policies need to be updated to clarify the Council's approach. There is an inconsistency in the treatment of the policy as 6 of the 13 leases recognised have annual rents less than the de-minimis level. Testing of the finance lease note identified that the opening and closing carrying value of assets held as finance leases were overstated by £12,800k and £11,375k respectively.

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

These and other recommendations, together with management responses, are included in the action plan attached at appendix A.

	Assessment	Issue and risk	Recommendations
1.	●	**General Ledger (SAP) password policy** Strong passwords are not enforced within SAP. This can expose the system to unauthorised and inappropriate access. Strong passwords have a sufficient number of characters, avoid common words and contain at least a numeric or special character. We noted, however, that neither a numeric character and/nor special character was enforced and furthermore the 'illegal' password file was not implemented.	We recommend that password complexity be enforced within SAP to ensure users set up passwords containing alphanumeric, upper case, lower case and special characters, which are not easy to guess or hack. Where this is not possible due to technical constraints of the SAP Netweaver Portal consideration should be given to using a single-sign solution at network level. This will reduce the risk of unauthorised access to Council SAP system and related data. **Management response**: Password strength will be addressed as part of the OneSAP upgrade project in line with prevailing IT Network controls with regard to the Deloitte audit recommendations and is due to commence September 2013 onwards, albeit the project is expected to take several months. All SAP access will be via single sign-on to Netweaver Portal. Any consideration to full single sign-on capability will be addressed in conjunction with IT/Security as part of any wider IT initiatives.

Internal controls (continued)

	Assessment	Issue and risk	Recommendations
2.	●	**Leaver account removal process** There is no automated process to alert ICT management that an employee has left the organisation. The Council uses monthly reports which shows which employees will be leaving within a timeframe of three months and which employees have left since the last report was published. The frequency of this report does not allow for the timely notification of an employee who has already left the organisation and therefore it can be reporting up to a month late for certain leavers. There is a risk of leavers continuing to have access to the network and applications for at least 30 days, if processes are not in place to remove all leavers access promptly. Active leaver accounts may also be used by current staff to conceal inappropriate activity.	Management should introduce a procedure where IT and SAP administrators are informed of leavers at the earliest opportunity, to enable timely account removal. This will reduce the risk of unauthorised or inappropriate access through the use of active accounts that are no longer required. **Management response:** The systems team have a process in place whereby each month a list of user accounts is generated from SAP and matched against a report of leavers, long-term absentees (Sickness/maternity and Leave of Absence) to ensure accounts are locked down, however, we will endeavour to look at improving this process where current resources allow. In addition, alternative solutions will be investigated as part of the OneSAP project, for example there is a possibility that user accounts are linked to the HR Org Structure so that leavers would automatically be removed and users transferring to new posts would adopt only those roles relevant to the new post, losing any access to the previous post (similar to structural authorisations). Other alternatives would have to be looked at as part of a wider initiative between HR, IT and SAP team to introduce an agreed internal process.

Assessment

● Significant deficiency – risk of significant misstatement

● Deficiency – risk of inconsequential misstatement

Internal controls (continued)

	Assessment	Issue and risk	Recommendations
3.	●	**SAP segregations of duties** Segregation of Duties (SOD) cannot be maintained effectively over time due to the lack of a systematic maintenance mechanism that can manage the complexities of the SAP authorisation model. The risk of SOD conflicts within and between SAP roles increases over time as and when new authorisations are added. The introduction of SOD conflicts into user roles allows potential fraud to occur if incompatible systems authorisations are inappropriately used. It was noted that some conflicts still exist within some roles e.g. 'park' and 'post'. There is a strong risk that SOD conflicts or inappropriate access can be introduced unless there are robust and systematic processes in place. It is our opinion that such robustness can only be reasonably achieved through an automated GRC tool.	Management should consider the implementation of a Governance, Risk and Compliance tool that is able to track access risks and identify and manage SOD conflicts. It is understood that there is forthcoming SAP upgrade planned for 2013/2014. This upgrade will provide a useful starting point for role redesign and continuous management. **Management response:** Unfortunately, Governance Risk and Compliance tools are not within the remit of the OneSAP project due to the inherent cost of such tools, however, as part of the OneSAP project we did ask that bidders provide alternative 'cost-effective' solutions to help reduce SOD conflicts and these will be investigated as part of the OneSAP project. In addition, we will also endeavour to revisit the current set of roles to reduce the possibility of potential conflicts and look where possible to remove any conflicting functions like 'Park' and 'Post' that reside in the same roles due to system configuration shortcomings which may require a change in the way the system is configured.
4.	●	**Reconciliations between the payroll system and the General Ledger** Our audit identified that the Council had not undertaken a reconciliation between the General Ledger and Payroll system throughout the year. As part of the audit process officers have now completed this reconciliation which has not identified any issues that I am required to report.	Monthly reconciliations between the General Ledger and the Payroll system should be completed on a timely basis. Any differences should be investigated and explained and the reconciliations should be signed and dated by the preparer and reviewer.

Assessment

● Significant deficiency – risk of significant misstatement

● Deficiency – risk of inconsequential misstatement

Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	**Matters in relation to fraud**	• We have previously discussed the risk of fraud with the Corporate Committee. We have not identified any fraud directly as a result of our audit procedures. We are not aware of any fraud that has a material impact on the accounts.
2.	**Matters in relation to laws and regulations**	• We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	**Written representations**	• A standard letter of representation has been requested from the Council. • In particular, the reasons for not amending the financial statements for the items identified on pages 18-19
4.	**Disclosures**	• Our review identified the material omission of the disclosure note in respect of operating leases were the Council is the lessor.
5.	**Matters in relation to related parties**	• We are not aware of any related party transactions which have not been disclosed
6.	**Going concern**	• Our work has not identified any reason to challenge the Council's decision to prepare the financial statements on a going concern basis.

Section 3: Value for Money

Value for Money

Value for Money conclusion

The Code of Audit Practice 2010 (the Code) describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give our VFM conclusion based on the following two criteria specified by the Audit Commission which support our reporting responsibilities under the Code.

- **The Council has proper arrangements in place for securing financial resilience.** The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- **The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.** The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Key findings

Securing financial resilience

We have undertaken a review which considered the Council's arrangements against the following three expected characteristics of proper arrangements as defined by the Audit Commission:

- Financial governance;
- Financial planning; and
- Financial control

Overall our work highlighted that the Council faces significant challenges in regard to reducing central government funding, and in managing the social and financial implications of new government policies on welfare and local taxation. The Council's current arrangements for achieving financial resilience are adequate and good progress has been made in implementing previous year findings from the financial resilience report.

Key indicators

The Council continues to demonstrate robust financial performance, particularly in regard to performance against budget. Reserve levels remain low in comparison to other similar councils, although this has improved for both general and schools reserves. Notably, the management of schools with budgeted deficits has improved over the last year.

Financial Governance

The Council's governance processes and the level of engagement from members remains adequate. However, there is scope to strengthen the impact of the Corporate Committee in terms of managing the agenda and ensuring that members continue to focus on key governance matters rather than points of detail.

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Value for Money

Financial Planning

This has been an area of focus over the past year, in order to equip the Council to address the financial challenges over the next few years. The Director of Corporate Resources is working with a reduced portfolio to focus on financial planning and management. There have been some further innovations such as early financial close for the year end accounts and the development of detailed savings schemes to cover the funding requirement up to 2014/15. The Council has clearly communicated the key financial assumptions in the medium term financial plan and has analysed the key areas of uncertainty. The planning process is robust but does identify some financial risks in the medium to long term, particularly around the scale of savings required up to 2015-16, the impact of inflation over this period, and the reliance on significant service re-configuration to render the savings required. The impact of welfare reform and changes to local taxation are also identified as areas of risk and uncertainty in the Council's plans

Financial control

The Council continues to demonstrate an adequate financial control environment and has sound assurance processes in place. The Council has taken significant action to improve the year end financial closedown processes and production of the financial statements. This has resulted in less amendments to the draft financial statements than in previous years.

Challenging economy, efficiency and effectiveness

We have reviewed whether the Council has prioritised its resources to take account of the tighter constraints it is required to operate within the residual risks are highlighted on the next page .

Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

To support our VfM conclusion against the specified criteria we performed a risk assessment against VfM risk indicators specified by the Audit Commission. Following completion of our work we noted the following residual risks to our VfM conclusion:

Residual Risk identified	Assurances obtained	Conclusion on residual risk
Lack of understanding by the leadership team of the current financial position and potential future implications	There remains an appropriate level of senior management and Member level engagement in the financial management process. The level of engagement and challenge from members on financial issues is similar to what we see in many other councils, in that it is good in parts, but would benefit from further development. The Council has appropriate forums for officers to help prepare members on key issues on a monthly basis.	Minor residual risk. The Council is fairly typical in that it has a limited number of Members with financial experience. While we have no significant concerns as the level of challenge demonstrated by Cabinet minutes and our attendance at the Corporate Committee ,we do however feel that the Council could take steps to strengthen this area.
Failure by the audit committee to provide robust challenge on financial matters within its remit	The Council's Corporate Committee is responsible for gaining assurance that controls over key cost categories are functioning, via monitoring progress on the Internal Audit plan and ensuring that the risk assurance framework is functioning correctly. The annual internal auditors report to the Committee indicates that the control framework is functioning well in general, and has highlighted areas where improvement is needed. The Corporate Committee operate a broad agenda, that does not always allow financial assurance matters to be discussed with the optimum depth and focus. There is scope to strengthen the impact of the Corporate Committee in terms of managing the agenda and focusing on key governance matters. We have some evidence, from discussions at the Corporate Committee and other forums, of Members challenging on finances and understanding the scale of the financial management challenge facing the Council. However, this could be further improved through member training and briefing on the governance role. The Council has an established risk assurance process and this is reviewed by the Corporate Committee on an annual basis. Service directors prepare directorate risk registers which are compiled into a corporate register. The process includes the management of risk within major projects.	Minor residual risk. We feel that the absence of a dedicated Audit Committee creates a minor residual risk, due to the lack of available agenda time and focus on internal control, audit findings and risk management in particular.

To support our VfM conclusion against the specified criteria we performed a risk assessment against VfM risk indicators specified by the Audit Commission. Following completion of our work we noted the following residual risks to our VfM conclusion:

Residual Risk identified	Assurances obtained	Conclusion on residual risk
Development of a financial plan which puts the body at risk of failing to deliver its statutory requirements, or at risk of legal challenge by service users or other bodies.	The Medium Term Financial Plan (MTFP) does not purposely put the body at risk of failure of delivering statutory responsibilities. The MTFP demonstrates a good grasp of key developments in local government financing. The key assumptions discussed in the MTFP include consideration of changes to local government funding and the impact of council tax and NNDR reform. The Council has analysed the implications of the government settlement on areas such as grant funding in the MTFP in some depth. The MTFP sets out the Councils key demographic assumptions and has used these to challenge some of the central government assumptions used to reach the Revenue Support Grant levels in 2013/14, for example, in regard to population. The Council faces increasing pressure on the availability and cost of temporary accommodation in the borough, which is an essential part of the strategy for implementing the central government benefits cap. The Councils own capacity for directly supporting residents through discretionary housing payments is highly limited and the Council is therefore exploring a range of options to mitigate this risk. These risks will put significant pressure on finances if not mitigated, from 2014/15 onwards. In 2011/12 we noted that Children's Services were in the highest 10% of spend amongst its statistical nearest neighbours. The Director of Children and Young People's Services, who joined the Council in November 2011, set up a Strategic Improvement Plan to increase the focus of the service on early intervention, whilst maintaining the on-going focus on safeguarding. This has resulted in spend in this area reducing toward the average among the statistical nearest neighbours in 2012/13, while maintaining service levels and without the budget overspends seen in previous years	Minor residual risk. We are satisfied that the Council's quality of analysis and planning is adequate. However, there are some significant financial pressures that depend on action to be taken in the future (and are not therefore delivered or embedded), that pose some financial risk. It is considered minor in regard to Value for Money Conclusion risk, because the risks impact primarily in the medium to long term rather than the next financial year.
Adverse key financial ratios	The Council continues to demonstrate robust financial performance, particularly in regard to performance against budget. Reserve levels remain low in comparison to other similar councils, although we noted this had improved for both general reserves and schools reserves. Notably, the management of schools with budgeted deficits has improved over the last year. Haringey has the lowest level of schools reserves as a proportion of DSG in comparison to similar councils (reflecting the size of the schools portfolio). In the Council's view, outer London areas such as Haringey have derived less benefit from the central government funding methodology than inner London areas, and this may be a factor in the current position. Despite this the schools have been able to deliver a significant improvement in their aggregate level of reserves in 2012/13. From the Council's point of view, the risk has crystallised where schools with deficits, transfer to Academy status as has been the case in 2012/13. The Council has made good progress in encouraging stronger financial management in schools, through training of governors and other means, and Internal Audit have been active in tracking progress. The Council recognises that there remains scope for further improvement and continues to drive this agenda.	Minor residual risk relates to the low level of schools balances in comparison to nearest neighbours. This is not considered a significant risk as there is no indication that this is likely to lead to financial failure in the next year and there have been a marginal improvement in school reserves and schools budget performance in 2012/13.

Section 4: Fees, non audit services and independence

Fees, non audit services and independence

We confirm below our final fees charged for the audit.

2012/13 Fees

	Per Audit plan £	Actual fees £
Council audit	272,700	272,700
Grant certification	52,950	52,950
Total audit fees	**325,650**	**325,650**

2011/12 Comparator Fees

	Per Audit plan £	Actual fees £
Council audit	454,500	486,500
Grant certification	90,500	86,896
Total audit fees	**545,000**	**573,396**

Fees for other services

Service	Fees £
None	Nil

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Section 5: Communication of audit matters

Communication of audit matters to those charged with governance

International Standard on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

Appendices

Appendix A: Action plan

Priority
High - Significant effect on control system
Medium - Effect on control system
Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	The Council should ensure that working papers are prepared in line with the Arrangements Letter which is sent to the Council prior to closedown. The Council should undertake a review of the quality of its working papers to support the financial statements.	Medium	The majority of the working papers were provided in support of and alongside the draft SoA. Additional information as requested in the auditor's arrangements letter was provided subsequently within the first week of audit. The Council is committed to improving working papers to assist in the audit process whilst recognising that the focus of audit enquiries and sampling methodologies are determined by the auditors themselves once the SoA is received and reviewed. The Council will be reviewing the form of the auditor's final working paper requests with the aim of achieving that standard at the start of the 2013/14 audit.	Following the internal lessons learnt process and allowing for improvement and discussions with the auditors, the Council is aiming to have reviewed working paper requirements by December 2013 Chief Accountant
2	The Council should ensure that relevant listings of debtors and legal claims are run at the year end and saved as evidence to support balances within the financial statements.	Medium	This will be incorporated into the closure programme with a specific action to seek formal confirmation of completion.	March 2014 Chief Accountant
3	The Council should continue with the exercise to identify all infrastructure assets so that they can be located to confirm existence.	Medium	This exercise has been completed for the 2012/13 and previous year and will continue to be carried out for infrastructure assets relating to earlier years. The expectation is that it will be complete before the 2013/14 closure process commences.	March 2014 Chief Accountant

Appendix A: Action plan continued

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
4	Monthly reconciliations between the General Ledger and the Payroll system should be completed on a timely basis. Any differences should be investigated and explained and the reconciliations should be signed and dated by the preparer and reviewer.	Medium	Payroll reconciliations will be reviewed as part of the regular control day meetings throughout 2013/14.	On-going Payroll Manager and Head of Finance (BAS)

Appendix B: Audit opinion

We anticipate we will provide the Council with an unmodified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF HARINGEY

Opinion on the financial statements

We have audited the financial statements of London Borough of Haringey for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of London Borough of Haringey in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. 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.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the 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 they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of London Borough of Haringey as at 31 March 2013 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, London Borough of Haringey has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Paul Dossett
Partner
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

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September 2013

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