



The Annual Audit Letter for London Borough of Haringey

Year ended 31 March 2014

October 2014

Paul Dossett

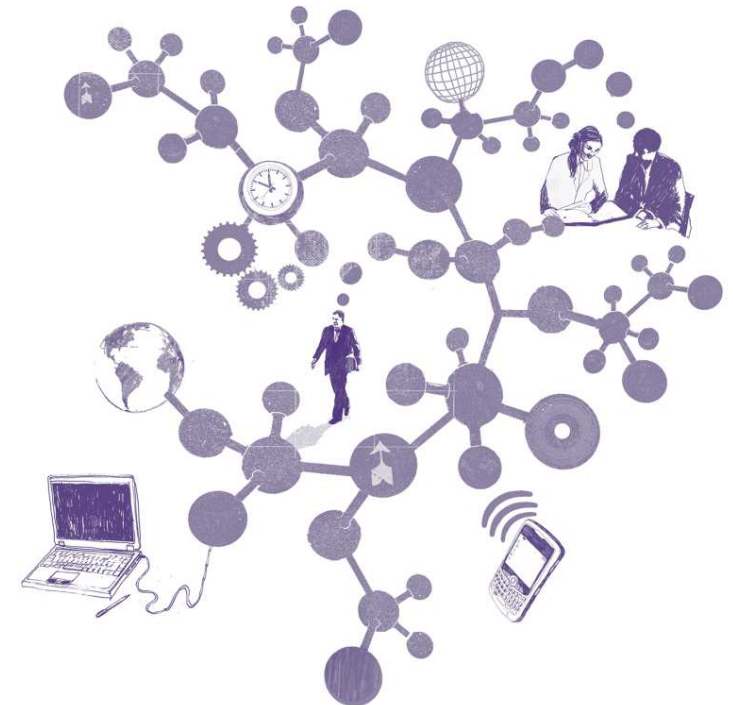
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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at the London Borough of Haringey ('the Council') for the year ended 31 March 2014.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 20 March 2014 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

| | |
|--|---|
| <p>Financial statements audit (including audit opinion)</p> | <p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 29 September 2014 to the Corporate Committee. The key messages reported were:</p> <ul style="list-style-type: none"> • The Council improved the quality of the presentation of its financial statements. The quality of information supporting the transactions and balances within the financial statements was robust and well supported. • We identified a notable improvement in both the quantity and quality of the working papers provided at the start of the audit which were appropriately referenced to the financial statements. This led to a smooth audit process. We will continue to work with the Council to refine the working papers further for 2014/15. • We did not identify any adjustments affecting the Council's reported financial position (details are recorded in section 2 of this report). The draft financial statements recorded net expenditure of £196,568k; the audited financial statements show net expenditure of £196,568k. We have identified a small number of adjustments to improve the presentation of the financial statements. • We identified a small number of presentational issues that the Council corrected for in the revised set of financial statements. <p>We issued an unqualified opinion on the Council's 2013/14 financial statements on 29 September 2014, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council. The Council deserves a lot of credit for significantly improving its financial statements since 2012.</p> |
| <p>Value for Money (VfM) conclusion</p> | <p>We issued an unqualified VfM conclusion for 2013/14 on 29 September 2014.</p> <p>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 2014.</p> |

Key messages

| | |
|--|--|
| Audit Certificate | The audit has not yet been certified as closed as objections raised on the accounts by a local authority electors are being investigated in accordance with section 16 (2) of the Audit Commission Act 1998 (ACA 1998) and Accounts and Audit regulations 2011. |
| Whole of Government Accounts | We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. We reported that the Council's pack was consistent with the audited financial statements. |
| Certification of grant claims and returns | To date we have certified the Pooling of Housing Capital receipts return which was certified without amendment. We are still working on the Housing Benefits grant claim which has an end of November deadline and we are in the process of agreeing terms of reference for the audit of the Better Care Fund and Teachers' Pensions claims. |
| Audit fee | Our proposed fee for 2013/14 is £275,300 excluding VAT . This reflects an increase to the planned fee of £2,600 in relation to additional work performed on material business rates balances required by the Audit Commission. We are awaiting Audit Commission agreement to this increase. Further detail is included within appendix B. |

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2013/14 audit.

| No. | Issue and recommendation | Priority | Management response/ responsible office/ due date |
|-----|--|----------|---|
| 1. | <p>As part of our substantive testing of employee remuneration the Council were not able to locate three member of staff employment contracts. We conducted additional tests to ensure employee remuneration was fairly stated. Without signed contracts in place there is a potential risk that the Council are not protected if any employment disputes arose.</p> <p>Recommendation: All members of staff should have a signed contract of employment that is filed with their HR records.</p> | High | <p>HR is undertaking a review of the recruitment process including our contracts and team roles. We are in the process of making a number of changes to the way we manage on-boarding of new employees; as part of our recruitment changes made in September, which will enhance compliance with processes as follows:</p> <p>All recruitment activity will be handled by one team with no hand-off of processes to another team. This will put accountability and responsibility for obtaining all appropriate documentation with a single team, therefore, improving compliance with process and procedures.</p> <p>We have been working with legal to streamline the number of documents we send to new employees and be much clearer with employees what documents we require signing and returning to us to further improve employee compliance with our processes and procedures going forward</p> <p>Responsible office: Jacquie McGeachie</p> <p>Due date: March 2015</p> |
| 2. | <p>The Council did not provide detailed year end reports to support debtor balances for Council Tax, National Non Domestic Rates and Car Parking fees and charges.</p> <p>Recommendation: The Council should ensure that relevant listings of debtors are run at the year end and saved as evidence to support balances within the financial statements</p> | | <p>For the two areas where the debtor reports were not produced this year, the Council has already scheduled dry runs to ensure that the reports can now be produced. The Council will also be arranging for back-up tapes to be stored at year end as part of its contingency plan</p> <p>Responsible office: Lubna Nasir</p> <p>Due date: March 2015</p> |

Appendix B: Reports issued and fees

We confirm below the fee charged for the audit and provision of non-audit services.

Fees

| | Per Audit plan £ | Actual fees £ |
|-------------------------|---------------------|------------------|
| Council audit | 272,700 | 275,300 |
| Grant certification* | 37,731 | TBC |
| Total audit fees | 310,431 | |

There is additional fee of £2,600 in respect of work on material business rates balances. This additional work was necessary as auditors are no longer required to carry out work to certify NDR3 claims. The additional fee is 50% of the average fee previously charged for NDR3 certifications for London borough councils and is subject to agreement by the Audit Commission.

* The final fee for our certification work will be confirmed in our certification work report to be issued in December 2014

Fees for other services

| Service | Fees £ |
|------------------------------|--------|
| Whistleblowing investigation | 5,000 |

Reports issued

| Report | Date issued |
|-----------------------|------------------------|
| Audit Plan | March 2014 |
| Audit Findings Report | September 2014 |
| Annual Audit Letter | October 2014 |
| Certification report | Proposed December 2014 |



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