

Update on 2007/08 Audit and Inspection Plan

As the 2007/08 Audit and Inspection Plan was issued in July 2007, we thought it would be helpful to provide you with an update of the key areas that we intend focussing upon as part of this year's work. Given that many of the risks detailed within the 2007/08 Plan remain relevant, these have been included in this document with an update on their status. In addition, we have included any new risks relevant to our audit work that have been identified since this Plan was presented to the Audit Committee.

The 2007/08 Use of Resources scoring and Data Quality work will be reported to the Council by the Audit Commission as this was part of their remit as the outgoing auditors.

We are required to carry out an audit of the Council's Best Value Performance Plan and also to report whether it has been prepared and published in accordance with legislation and statutory guidance. We are pleased to report that we were able to issue an unqualified opinion on this by the end of December deadline.

Key audit risks	Update at January 2008
There is a potential conflict between Building Schools for the Future programme and existing PFI schemes that are in place.	The Council has evaluated the options in place due to the conflict between the BSF programme and the PFI scheme and is currently working hard towards finding a solution with Central Government. We have had several updates with management to discuss the options that the Council has put forward and assessed the impact of these as part of our Accounts and Use of Resources work. We are also currently discussing some of the detailed accounting entries in the context of both the 2007/08 accounts and the future years implications on PFI of the introduction of International Financial Reporting Standards.
A strategy for improving the health of the community that brings together the initiatives that are taking place, such as ensuring health inequality issues are being addressed.	We are currently undertaking a study on Health Inequalities in conjunction with the Haringey PCT, and will report our findings to the Audit Committee when this work is completed.
There is a risk that the ALMO in charge of Housing services may not deliver its objectives and offer value for money.	The Housing Inspection report has been issued and concluded that the services provided were good with promising prospects for improvement.
The Council has recently had an Allocation and Lettings Inspection undertaken by the Audit Commission.	We will review the results of this inspection as part of our 2007/08 audit work.
We understand there have been complications over the granting of a lease to the current service provider at Alexandra Palace.	We will continue to monitor developments in this area as part of our 2007/08 audit work as there is a risk that this could have a financial impact upon the Council.
Ensuring better use is made of the investment in customer services and ICT.	As part of our interim audit work we will undertake a high level review of the controls operating within the IT systems. We will discuss the results of this with management and, if appropriate, will look to

Key audit risks	Update at January 2008
	undertake a more detailed review as part of our 2007/08 audit work.
International financial reporting standards (IFRS) will come into operation from 2008/09 and there will be a requirement also to restate the 2007/08 comparatives. Also, there are changes in the SORP 2006 that will apply to the 2007/08 accounts such as the introduction of the revaluation reserve.	We have undertaken a workshop for all our Local Government clients to ensure they are fully aware of the latest accounting developments. However we would note that the timetable for the implementation of IFRS has been pushed back to 2009/10 but with Whole of Government Accounts implications for 2008/09.
An overarching approach to regeneration brings together key quantifiable outcomes to enable the Council and partners to measure progress.	The Council recognise that an overarching approach to regeneration should continue to develop and we will continue to monitor progress made by the Council in this area as part of our 2007/08 audit work.
The Council has a significant capital programme and will need to continue to develop corporate control over all capital projects.	We will consider the adequacy of controls over the capital programme as part of our interim audit work and will also seek to place reliance on the Use of Resources scoring judgments undertaken by the outgoing auditors.
The comprehensive spending review is likely to impact upon the Council and put additional pressure on budgets that are already stretched, such as the costs of housing asylum seekers.	We have discussed the results of the Comprehensive Spending Review with management and we understand that this has been incorporated into the financial and business planning process. We will continue to monitor progress and in particular the arrangements for delivering the 2008/09 budget.
The Council is required to restructure children's services as required by legislation. There is a risk that these arrangements may not meet the requirements.	We understand from management that there has been good progress on integration within the Children and Young People's Directorate. We will also take into account the implications of the most recent CSCI assessment as part of our Use of Resources work.
Recruitment and retention is a risk in some areas of the Council such as youth service and children's social care.	We will continue to monitor the Council's progress in ensuring that this risk is mitigated.

We hope the Audit Committee finds the contents of this letter useful and the audit team are happy to discuss any of the matters raised.