

Grant Thornton work progress update to Audit Committee – 12 May 2008

1. Corporate Governance review

We are in the process of undertaking a review of the Corporate Governance arrangements at the Council. The review focuses specifically upon an assessment of the arrangements that the Council has in place for ensuring probity and propriety in the conduct of its business. Areas covered by the review include:

- compliance with codes of conduct, including use of registers of interest and hospitality
- role of management in ensuring governance processes are working effectively
- roles and effectiveness of the Standards Committee and Monitoring Officer at the Council
- roles, functioning and effectiveness of the Council's Scrutiny and Audit Committees
- review of the Council's confidential reporting processes
- management of the risk of fraud and corruption
- Council's response to cases of proven fraud.

The results of this work will feed into the 2008 Use of Resources assessment work that will be undertaken in July and August this year. Subject to the satisfactory progression of this work, we will report our findings to the next meeting of the Audit Committee.

2. Ongoing Audit work

We commenced the interim audit work in early April 2008. This involves a review of the key systems that are in place at the Council, enhancing our understanding of how these work and what controls are in place around these systems. This involves a detailed review of internal audit work to ensure we avoid duplication in this area. We also involved IT specialists from Grant Thornton who are reviewing the IT general control environment at the Council. This covers areas such as ensuring that IT operates in a secure environment to enable us to place reliance on this area as part of our final audit work. Our findings from this work will be reported within the ISA 260 report on the accounts in September 2008. More detailed findings will if necessary be reported to a subsequent Audit Committee meeting.

As part of our interim work we involved our technical specialists at Grant Thornton who undertook a review of the 2006/07 accounts detailing areas where these could be improved upon. This should be useful for finance staff as it will help to enhance further the quality of the 2007/08 financial statements.

We have also undertaken a presentation to finance staff at the Council detailing how the audit process works, what our expectations are in terms of deliverables such as

working papers and also what the key accounting developments are likely to be for the 2007/08 audit. This was undertaken in conjunction with the Corporate Finance team at Haringey.

3. Health Inequalities

We are undertaking a joint study on health inequalities in conjunction with Haringey PCT auditors. This has involved a review of documentation detailing the processes and actions that are in place in relation to Health Inequalities at a strategic level, interviews with staff members, evaluation of surveys sent to key stakeholders in Health Inequalities, and attendance at Committees such as Wellbeing Chairs Executive and the Wellbeing Partnership Board. We are presenting our findings to stakeholders on 12 May and when these are agreed and accepted by all parties will report these back to the Audit Committee in June 2008.

4. Pension Fund Audit

For the 2007/08 pension fund audit we have developed an audit strategy document that will consider the key risks in relation to the pension fund and the work that we will undertake in this area. We have commissioned sector specific staff within the firm to carry out the work and we are aiming for this work to be undertaken in July this year and reported at the end of September 2008. The team will carry out the audit, seek to place reliance on the work of Internal Audit where possible, and draw on experience at other organisations to consider the Authority's overall pension fund management arrangements. It is likely that for 2008/09 there will be a separate audit opinion for the pension fund and there are also likely to be some changes in the 2008 SORP. The work undertaken this year will therefore act as a sound basis of preparation for the potential changes to be introduced in 2008/09.

5. Other work

PFI - We have been in close liaison with Officers over the past few months with regard to developments over the schools PFI. We detailed some preliminary thoughts to management as to how this should be accounted for and these were forwarded to the Council for consideration. The Council then undertook a detailed review of the proposed accounting arrangements and we have agreed in principle the main areas where treating the scheme as on balance sheet will impact on the 2007/08 accounts. This will be reported in September 2008.

Alexandra Park and Palace - there are ongoing challenging operational and financial issues to be resolved in respect of the management of Alexandra Park and Palace by the Trust which is, for all practical purposes, financially underwritten by the Council. Grant Thornton will continue to review the Council's progress to oversee the resolution of these issues as part of our 2007/08 audit work and report on this in September 2008.

2008/09 audit planning

The Audit Commission requires us to issue a joint audit and inspection plan for 2008/09 to the Authority by 30 May 2008. We are currently carrying out some detailed planning work and have had initial discussions with the Chief Financial Officer. At this stage we are not proposing to increase the core audit fee in 2008/09. Clearly we will need to reflect on this when we have completed the 2007/08 audit of accounts and use of resources work at the end of September 2008.