



LONDON BOROUGH OF HARINGEY

Audit Progress Report

July 2017

INTRODUCTION

Background

This report is intended to provide the Corporate Committee with an outline of our progress against our proposed work for 2016/17.

The Local Audit and Accountability Act 2014 makes the Comptroller and Auditor General for the National Audit Office responsible for the preparation, publication and maintenance of the Code of Audit Practice.

The Code sets out what local auditors are required to do to fulfil their statutory responsibilities under the Act:

Audit of the financial statements

- to be satisfied that the accounts present a true and fair view, and comply with the requirements of the enactments that apply to them
- to be satisfied that proper practices have been observed in the preparation of the accounts

Value for money arrangements

- to be satisfied that the organisation has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources

Other assurance work

- grant certification assurance on the housing benefit subsidy claim.

Tracking progress




In order to allow you to track our progress, where work has been completed and previously reported to you we have 'greyed' out the text.

The key completion and reporting dates are also noted in the following tables.




Progress to date

We have assessed whether the arrangements put in place by the Council will allow us to complete our work by the expected deadlines and whether there are any issues that are likely to have a significant impact on our ability to provide unmodified audit reports and opinions.

This is included as a 'RAG' assessment in the report.

ASSESSMENT		EXPLANATION
RED		Unlikely to be able to meet reporting deadlines, significant concerns over governance or finance, or expected modification of audit report or opinion.
AMBER		Some concerns around meeting reporting deadlines, some concerns over governance or finance, or potential risk of modification of audit report or opinion.
GREEN		On target to meet deadlines and no current concerns over governance or finance.
	TBC	Work not yet started or sufficiently progressed to include a 'RAG' assessment


AUDIT PROGRESS 2016/17

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
PLANNING				
Planning letter	We are required to provide you with a planning letter setting out the scope of the audit for the year and the proposed fees set by Public Sector Audit Appointments Limited (PSAA).	<p>We issued our planning letter and the proposed fees for the Code audit are £206,475.</p> <p>We estimate that the fees for the grant certification review of the Housing Benefit Subsidy Claim will be £38,223.</p>	<p>Planning Letter</p> <p>Issued April 2016.</p>	
Audit plan	We are required to report to you the results of our detailed audit planning and the proposed audit response to significant audit risks ahead of commencement of the audit work.	We presented our audit plan to the Corporate Committee on 21 March 2017.	<p>Audit Plan</p> <p>Issued March 2017.</p>	
FINANCIAL STATEMENTS				
Interim visit	Audit of the significant financial systems that support the financial statements to be completed before draft accounts are prepared.	Interim review completed.	Additional work to be undertaken at the final audit visit to review the bank reconciliations that were not available at the interim audit.	

AUDIT PROGRESS 2016/17


AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
FINANCIAL STATEMENTS (continued)				
Final audit visit	<p>Audit of the draft financial statements to determine whether these give a true and fair view and have been prepared in accordance with the CIPFA's Code of Practice.</p> <p>The audit also includes a review of the annual governance statement.</p>	<p>Draft Statement of Accounts and financial statements were provided for audit on 26 June.</p> <p>An initial review of the financial statements will take place from 10 July and the final audit testing will commence on 17 July.</p>	<p>Audit Completion Report</p> <p>The findings of our audit on the financial statements will be reported to the Corporate Committee on 21 September.</p> <p>Auditor's report</p> <p>The opinion on the financial statements will be included in the auditor's report and issued following the Corporate Committee's approval of the financial statements.</p>	<p>TBC</p> <p>September 2017</p> <p>Deadline</p> <p>30 September 2017</p>
Whole of Government Account (WGA) schedules audit	We are required to provide an opinion whether the Council's WGA consolidation pack is consistent with the financial statements.	Review to be undertaken during the financial statements audit at the final audit visit.	<p>Opinion on the WGA consolidation schedules</p> <p>The opinion on the consistency of the consolidation pack will be issued following the Corporate Committee's approval of the financial statements.</p>	<p>TBC</p> <p>September 2017</p> <p>Deadline</p> <p>30 September 2017</p>
USE OF RESOURCES				
Review of arrangements to secure economy, efficiency and effectiveness	We are required to be satisfied that the organisation has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.	<p>Initial review of the Council's arrangements for financial planning undertaken.</p> <p>Detailed review to commence from 10 July.</p>	<p>Audit Completion Report</p> <p>The findings of our review of use of resources will be reported to the Corporate Committee on 21 September.</p> <p>Auditor's report</p> <p>The conclusion on use of resources will be included in the auditor's report and will be issued following the Corporate Committee's approval of the financial statements.</p>	<p>TBC</p> <p>September 2017</p> <p>Deadline</p> <p>30 September 2017</p>

AUDIT PROGRESS 2016/17

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
Haringey Development Vehicle	<p>Auditors are expected to review arrangements where a local authority is planning significant outsourcing, transfer to alternative delivery models, partnerships or joint ventures, and significant capital projects.</p> <p>We have received numerous contacts from members of the public regarding the Haringey development Vehicle.</p> <p>We will review the advice obtained by the Council regarding the legality of the proposal and the financial due diligence undertaken.</p>	This review is currently in progress.	<p>We will report to management any concerns that we have regarding:</p> <ul style="list-style-type: none"> • appropriate use of powers and due process • legal due diligence undertaken • financial due diligence undertaken • risk management • proposed governance arrangements. 	TBC
GRANTS AND RETURNS				
Review of the Housing Benefit Subsidy claim	<p>Additional work requested by DWP in response to errors in the 2015/16 housing benefits subsidy claim.</p> <p>To review and submit the Housing Benefit Subsidy grant claim in accordance with the PSAA HBCOUNT arrangements by 30 November 2017.</p>	<p>Work completed and results reported to DWP.</p> <p>DWP responded on 19 June with final settlement.</p> <p>Samples to be selected and tested on receipt of draft 2016/17 claim and claim breakdowns.</p>	<p>The initial testing identified a significant number of errors that reduced subsidy claimable by £1.489 million (including £1.031 million from exceeding the local authority error cap).</p> <p>Additional work reduced the loss by £1.139 million to £349,550 (and local authority errors fell within the upper threshold cap).</p> <p>Housing Benefit Subsidy grant claim to be audited and submitted by 30 November 2017 deadline.</p>	 TBC
Grants report	Summary of our certification work completed on 31 March 2017 claims.	To be drafted after certification work concluded.	<p>Grants Report</p> <p>The key findings from our work will be reported to the Corporate Committee.</p>	<p>Deadline</p> <p>After completion of certification work</p>

AUDIT PROGRESS 2016/17

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
OBJECTIONS				
Income raised from parking charges on housing land	Objection remains open from the 2014/15 accounts regarding the use of Penalty Charge Notice (PCNs) on housing land and the legality of this income.	Work to be completed by Grant Thornton.	Upon completion of the review, Grant Thornton to issue a statement of reasons and whether to exercise the use of auditor powers.	TBC
Legality of LOBOs	Objection remains open from the 2015/16 accounts regarding the reasonableness of the decision to take borrowing through Lender Option Borrowing Option (LOBOs) in 2003 and 2004.	Work complete and provisional view report to be drafted.	Upon completion of the review, to issue a statement of reasons and whether to exercise the use of auditor powers.	TBC
REPORTING				
Audit certificate	To certify the completion of the audit at the point that the auditor's responsibilities in respect of the audit of the period covered by the certificate have been discharged.	To be issued on completion of the audit of the financial statements and review of the arrangements to secure economy, efficiency and effectiveness.	Audit certificate The audit certificate to close the audit for the year will be included in the auditor's report.	Subject to clearance of objections
Annual audit letter	Public-facing summary of audit work and key conclusions for the year.	Annual audit letter to be drafted upon completion of audit work.	Annual audit letter The key findings from our audit will reported in the annual audit letter.	Deadline 31 October 2017



The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising. No responsibility to any third party is accepted.

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