



LONDON BOROUGH OF HARINGEY

Audit Progress Report

16 January 2018

INTRODUCTION

Background

This report is intended to provide the Corporate Committee with an outline of our progress against our proposed work for 2017/18 and an update on outstanding work to be completed in relation to 2016/17 where applicable.

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 2017/18

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).	We issued our planning letter and the proposed fees for the Code audit are £206,475. We estimate that the fees for the grant certification review of the Housing Benefit Subsidy Claim will be £38,223.	Planning Letter Issued April 2017.	
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 will agree our audit plan with management and report to the Corporate Committee on 22 March 2018.	Audit Plan Reporting to the Corporate Committee on 22 March 2018.	
FINANCIAL STATEMENTS				
Financial systems audit	Audit of the significant financial systems that support the financial statements to be completed before draft accounts are prepared.	We are in the process of reviewing and testing the operating effectiveness of internal controls operated by the Council.	Significant deficiencies in internal controls In 2016/17 we identified two instances where non-purchase order invoices were coded and approved by the same person before payment. We will discuss the progress made in respect of strengthening this control with management and consider whether it is a significant risk to our audit plan. No other significant deficiencies in internal controls have been identified through our audit work to date. All other observations on internal controls will be reported in our Audit Completion Report to the July 2018 Corporate Committee meeting.	



AUDIT PROGRESS 2017/18

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
FINANCIAL STATEMENTS (continued)				
Interim visit	In order to comply with the early close down of the accounts and earlier audit report deadline we will conduct an audit of month 9 balances and transactions with a view to reducing the amount of detailed audit work to be completed during the condensed final audit visit during June and July.	<p>We met with management in October 2017 and agreed a timetable for management to produce primary statements and accounts disclosures based on month 9 (31.12.2017) balances and transactions.</p> <p>Management has agreed to provide these month 9 financial statements along with corresponding evidence/working papers to support the figures towards the end of January 2018 so that we are able to carry out an interim audit visit in February 2018.</p>	We will provide a verbal update at the March Corporate Committee as to the progress and success of this interim visit together with any significant findings.	<p>TBC</p> <p>22 March 2018</p>
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>	Final audit testing of the financial statements will commence upon receipt of the draft financial statements, and on site at the Council from 4 June 2018.	<p>Audit Completion Report</p> <p>The findings of our audit on the financial statements will be reported to the Corporate Committee in July.</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>July 2018</p> <p>Deadline</p> <p>31 July 2018</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.	<p>Review to be undertaken during the financial statements audit at the final audit visit.</p> <p>The deadline for the audit opinion on the WGA consolidation schedules has not yet been finalised by HM Treasury.</p>	<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>Deadline</p> <p>TBC</p>

AUDIT PROGRESS 2017/18


AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
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.	Initial review of the Council’s arrangements for financial planning will be undertaken before we issue our audit plan. Detailed review to commence from June 2018.	Audit Completion Report The findings of our review of use of resources will be reported to the Corporate Committee in July 2018. Auditor’s report 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.	TBC July 2018 Deadline 31 July 2018
GRANTS AND RETURNS				
Review of the Housing Benefit Subsidy claim	To review and submit the Housing Benefit Subsidy grant claim in accordance with the PSAA HBCOUNT arrangements.	2016/17 update We submitted our report on the housing benefit subsidy claim to DWP on 19 December 2017. While there remain a large number of errors in testing of benefits awarded, we have noted some improvements from last year and the extrapolation of the potential errors as a result of local authority errors and administrative delays are much lower than the previous year. 2017/18 Samples to be selected and tested on receipt of draft 2017/18 claim and claim breakdowns.	Detailed findings will be included in our Grants reports. Housing Benefit Subsidy grant claim to be reviewed and submitted by 30 November 2018 deadline.	 TBC

AUDIT PROGRESS 2017/18

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
GRANTS AND RETURNS (continued)				
Review of the pooling of housing capital receipts return	We are required to undertake specified tests set out in the certification instructions issued by the Department for Communities and Local Government (DCLG) so that we can provide an Assurance Report on the quarterly Pooling of Housing Capital Receipts return entered onto LOGASNET system.	<p>2016/17 update</p> <p>2016/17 is the first year that we have reviewed this return. Our work identified that figures in respect of the amount of new-build expenditure had not been included in the return for the last three years in accordance with guidance.</p> <p>We reported our findings to management who have now produced figures for the last three years. DCLG has now confirmed that they require us to review these new figures and this work is in progress.</p> <p>2017/18</p> <p>Review to commence in August/September 2018.</p>	We will certify the return as soon as the remaining audit work in respect of new-build expenditure has been completed.	
Review of the teachers' pensions return	We are required to carry out 'agreed upon procedures,' as set out by Teachers' Pensions, and a report in accordance with <i>International Standard on Related Services (ISRS) 4400: Engagements to Perform Agreed-Upon Procedures Regarding Financial Information</i> .	<p>2016/17 update</p> <p>2016/17 is the first year that we have reviewed this return. Our work in respect of the 2016/17 is still in progress as we are awaiting information from the Council to complete the review.</p> <p>2017/18</p> <p>Review to commence in August/September 2018.</p>	<p>We will certify the return as soon as the remaining audit work is complete.</p> <p>Deadline for the 31 March 2018 audit certification is yet to be finalised by DCLG.</p> <p>Deadline for the 31 March 2018 audit certification is yet to be finalised by Teachers' Pensions.</p>	 TBC
Grants report	Summary of our certification work.	<p>2016/17 update</p> <p>We will issue our report upon completion of the audit of the pooling of housing capital receipts return and teachers' pensions return.</p> <p>2017/18</p> <p>To be drafted after certification work has concluded.</p>	<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 2017/18

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
OBJECTIONS				
Income raised from parking charges on housing land	Lawfulness of the use of Penalty Charge Notice (PCNs) on housing land.	Work to be completed by Grant Thornton.		TBC
Lender Option Borrower Option loans	Review the lawfulness of entering into LOBO borrowing.	To draft the Provisional View report.		TBC
Schools PFI contract	Review the lawfulness of entering into the PFI contact.	To draft the Provisional View report.		TBC
Summons costs for non-payment of council tax	Review the lawfulness of the basis of estimating the costs for issuing summons for non-payment of council tax.	To draft the Provisional View report.		TBC
Haringey Development Vehicle	Review the lawfulness of the proposal to proceed with the HDV joint venture.	We await the outcome of the judicial review.		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 TBC



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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