



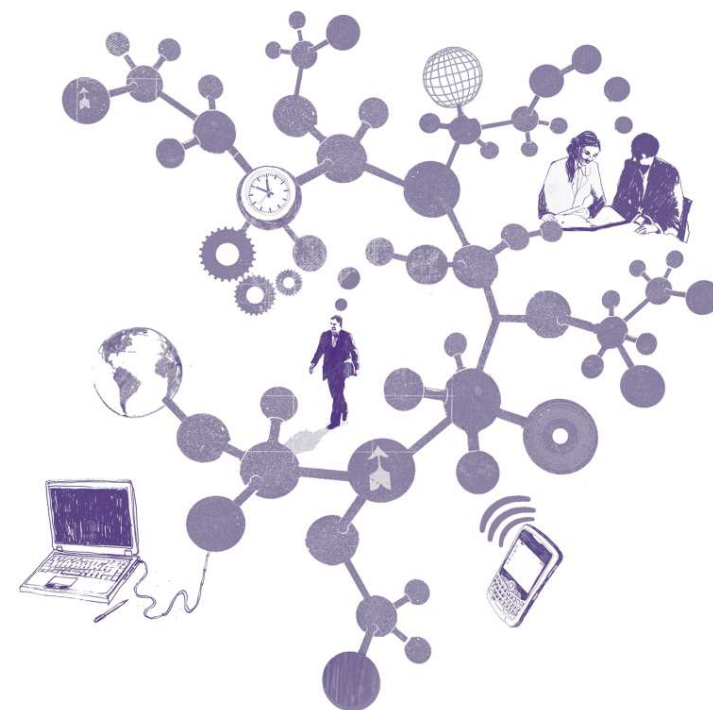
The Annual Audit Letter for London Borough of Barnet

Year ended 31 March 2014

October 2014

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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at London Borough of Barnet ('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 29 April 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.

Financial statements audit (including audit opinion)

We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 22 July 2014 to the Audit Committee and to a subsequent meeting on 29 July 2014. The key messages reported were:

- We tested in detail the accounting treatment of the Customer Services Group (CSG) contract with Capita to ensure that it was correctly recognised with the financial statements. No issues were noted.
- We identified that the Council had a different interpretation of the new Code requirements regarding the regularity of revaluations. Whilst we highlighted this to the Audit Committee, we were satisfied that any difference in valuation as a result of the different interpretations was unlikely to be material.

We issued an unqualified opinion on the Council's 2013/14 financial statements on 9 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 CSG contract started in the middle of the year and included the outsourcing of the finance function to Capita. With this change in arrangements, it was important for the audit team to work closely with the Capita finance team to enable the timetable for an early accounts sign off to be met. This represented a potentially significant risk to the Council and we were pleased to report that there was no impact on the delivery of our detailed audit work. There is some scope to bring forward audit sign-off through some tightening up of final sign-off procedures by the Council.

Key messages

Value for Money (VfM) conclusion	<p>We issued an unqualified VfM conclusion for 2013/14 on 9 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>
Whole of Government Accounts	<p>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.</p>
Certification of grant claims and returns	<p>We are currently in the process of certifying the 2013/14 grant claims and returns.</p> <p>The Pooling of Housing Capital Receipts (CFB06) has been certified with no amendment or qualification. Our work on certification of the Housing Benefits Subsidy claim (BEN01) is underway.</p> <p>Once all certification work is complete we will report our findings to the Audit Committee.</p>
Public challenge matters	<p>We are currently dealing with three objections from local electors and will report the outcome to the Council once finalised. We will then formally certify the 2013/14 audit closed.</p>
Audit fee	<p>Our planned fee for 2013/14 was set out in the Audit Plan as £224,100, excluding VAT, which was in line with our fee in the previous year. The final fee will be in excess of this level due to the cost of dealing with the elector objections. Further detail (including the certification fee) is included within Appendix B.</p>

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>Findings from our IT review</p> <p>Recommendation: The Council should ensure that all points raised following the review of the SAP system are considered as part of the new Integra system.</p>	Medium	<p>The Council is conducting a review of the system access controls to Integra as its new financial system, which will ensure officers have the correct level of access and addresses the points raised regarding the former SAP system.</p> <p>Responsible officer: Paul Thorogood Due date: September 2014 (the review is currently underway, with the changes to be implemented in November 2014).</p>
2.	<p>Findings from our VfM review</p> <p>Recommendation: The Council should ensure that, as the base data becomes available, additional performance indicators are put in place against which to monitor performance of the waste contract.</p>	Medium	<p>As the data becomes available following the insourcing, this will be used to update the indicators used for performance management of the waste and recycling service.</p> <p>Responsible officer: Lynn Bishop Due date: November 2014</p>
3.	<p>Findings from our VfM review</p> <p>Recommendation: The Council should consider adding the recovery levels of parking notice debt to the KPIs monitored as part of the parking contract with NSL.</p>	Medium	<p>The Council will review the appropriateness of all KPIs within the NSL contract.</p> <p>Responsible officer: Claire Symonds Due date: November 2014 (the review is currently underway, with a completion date of December 2014).</p>

Appendix B: Reports issued and fees

We confirm below the fee charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

	Per Audit plan £	Actual fees £
Audit Fee (i)	224,100	TBC
Grant certification fee (ii)	38,400	TBC
Total fees	262,500	TBC

Fees for other services

Service	Fees £
None	Nil

- i. The actual audit fee will be in excess of budget due to the cost of dealing with the elector objections. Upon submission of the costs incurred, the Audit Commission will determine the additional fee payable by the Council. In addition, the Audit Commission has approved, in principle, a fee variation of £2,600 at London Boroughs for the additional work required on business rates following the removal of the requirement to certify the NNDR claim form.
- ii. Certification of grant claims and returns is on-going, so this remains a work in progress at the date of this letter. Based on the work completed to date, we expect our fees to be in line with the revised scale fee of £31,597. Confirmation of the final fee will be included within the separate Certification Report later in the year.

Reports issued

Report	Date issued
Audit Plan	April 2014
Audit Findings Report (accounts and value for money)	July 2014
Certification report (on completion of certification work)	December 2014
Annual Audit Letter	October 2014



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