



LONDON BOROUGH OF BARNET

Audit Progress Report

January 2016

INTRODUCTION

Background

This report is intended to provide the Audit Committee with an outline of our proposed work for 2015/16.

The Local Audit and Accountability Act 2014 makes the Comptroller and Auditor General of 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

Reporting

- to issue an audit plan that sets out how the auditor intends to carry out their duties
- to report the findings of the audit to those charged with governance
- to express an opinion on the accounts
- to form an opinion on the organisation's arrangements to secure economy, efficiency and effectiveness in the use of resources
- to issue a statement on the consolidation schedules produced for the purposes of preparing Whole of Government accounts (whether these are consistent with the financial statements)
- to certify the completion of the audit
- to issue an annual audit letter highlighting the results of the auditor's work.

Certification work

- to certify the authority's Housing Benefit Subsidy claim form in accordance with instructions issued by PSAA.




Other certification work

We also expect to perform certification work on the Pooling of Housing Capital Receipts and Teachers' Pension returns.

Progress to date

We have assessed whether the arrangements put in place by the authority 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


Please note that this report does not cover progress on our audit of the London Borough of Barnet Pension Fund, which will be reported separately to the Pension Fund Committee.

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.

AUDIT PROGRESS 2015/16

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 have issued our planning letter and the proposed fee for the NAO Code audit is £170,025. The proposed fee for the certification of the Housing Benefits Subsidy Claim, as set by PSAA, is £21,617.</p> <p>The above fees do not include our work on the certification of the Pooling of Housing Capital Receipts, or Teachers' Pension returns. This work now falls outside of the scope of the PSAA scale fee, and will be subject to separate terms of engagements and fees to be agreed following receipt of certification instructions from the relevant departments.</p>	<p>Planning Letter</p> <p>Issued 23 March 2015.</p>	
Audit plan	We are required to report to you the results of our audit planning, our risk assessment and the proposed audit response to significant audit risks ahead of commencement of the audit work.	Detailed audit planning commenced in late November 2015, and is currently still ongoing. This has included a planning visit to the authority in order to document key financial systems and controls. This will allow us to assess risks and agree our audit strategy for 2015/16.	<p>Audit Plan</p> <p>Audit plan to be issued at the next Audit Committee meeting.</p>	<p>TBC</p> <p>April 2016</p>
FINANCIAL STATEMENTS				
Review of internal controls	Review of the significant financial systems that support the financial statements to be completed before draft accounts are prepared.	<p>Preliminary review of the key financial systems, including an assessment of the design and implementation of key controls, took place in November 2015.</p> <p>Further review and testing of the operating effectiveness of selected internal controls in place at the authority will be carried out at our interim audit visit, in January and February 2016.</p>	<p>Report on significant deficiencies in internal controls</p> <p>Where appropriate, significant deficiencies in internal controls will be reported in April 2016.</p> <p>All other observations on internal controls will be reported in our Final Audit Report in July 2016.</p>	<p>TBC</p> <p>April 2016</p>

AUDIT PROGRESS 2015/16


AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
Financial statements audit	<p>Audit of the draft financial statements to determine whether these give a true and fair view of the authority's financial position as at 31 March 2016 and the income and expenditure for the year.</p> <p>The audit also includes a review of whether the other information published with the financial statements (such as the Narrative Statement) is consistent with the financial statements.</p>	<p>Final audit testing of the financial statements will commence in June 2016.</p> <p>The deadline for submission of the audited financial statements is 30 September 2016.</p>	<p>Final Audit Report</p> <p>The findings of our audit on the financial statements will be reported to the Audit Committee in July 2016.</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 Audit Committee's approval of the Statement of Accounts.</p>	<p>TBC</p> <p>July 2016</p> <p>Deadline</p> <p>30 September 2016</p>
Whole of government accounts	<p>We are required to provide assurance to the NAO, as auditors of the Whole of Government Accounts (WGA), to confirm the completeness and accuracy of the consolidation schedules prepared for WGA purposes. In order to gain this assurance we will carry out specific procedures as set out by the NAO, which includes agreeing the schedules to the audited accounts.</p>	<p>Review to be undertaken during the financial statements audit.</p>	<p>Final Audit Report</p> <p>The findings of our audit on the consolidation schedules will be reported to the Audit Committee in July 2016.</p> <p>Assurance report to NAO</p> <p>The deadline for reporting to the NAO has not yet been agreed.</p>	<p>TBC</p> <p>July 2016</p> <p>Deadline</p> <p>TBC</p>
USE OF RESOURCES				
Review of arrangements to secure economy, efficiency and effectiveness	<p>The NAO has recently published revised guidance (AGN 03) for the scope of the work on value for money arrangements for 2015/16 and supporting information for local authorities.</p> <p>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>	<p>We monitor progress on the authority's budgeting processes, monitoring of financial performance against budgets, and monitoring of operational performance throughout the year.</p> <p>Our detailed review of these arrangements has already commenced for 2015/16, and a refresh will be undertaken during June 2016 to review financial outturn and updates to the 2016/17 financial planning cycle (during the final audit review).</p>	<p>Final Audit Report</p> <p>The findings of our audit on the authority's use of resources will be reported to the Audit Committee ahead of the submission deadline.</p> <p>Auditor's report</p> <p>The conclusion on use of resources will be issued following the Audit Committee's approval of the Statement of Accounts.</p>	<p>TBC</p> <p>July 2016</p> <p>Deadline</p> <p>30 September 2016</p>

AUDIT PROGRESS 2015/16

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
CERTIFICATION WORK				
Housing benefit subsidy claim	<p>The scope of our certification work will be determined by PSAA, in consultation with the Department of Work and Pensions (DWP) to whom we report.</p> <p>It is expected to include a review of key controls around the production of the subsidy claim form, and testing of an initial sample of 60 benefit cases in year, followed by additional testing where issues or errors are identified.</p>	Following receipt of detailed certification instructions, we will liaise with officers to agree the most suitable timing for this work.	<p>Certification</p> <p>The deadline for our certification of the subsidy claim is 30 November 2016.</p>	<p>TBC</p> <p>November 2016</p>
Teachers' pension return	The scope of this work will be determined by the Department for Education (DfE). We are currently awaiting certification instructions in respect of 2015/16.	Following receipt of detailed certification instructions, we will liaise with officers to agree the most suitable timing for this work.	<p>Certification</p> <p>Deadline to be confirmed.</p>	TBC
Pooling of Housing Capital Receipts return	The scope of this work will be determined by the Department for Communities and Local Government (DCLG). We are currently awaiting certification instructions in respect of 2015/16.	Following receipt of detailed certification instructions, we will liaise with officers to agree the most suitable timing for this work.	<p>Certification</p> <p>Deadline to be confirmed.</p>	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.	<p>To be issued on completion of the audit of the financial statements and review of the arrangements to secure economy, efficiency and effectiveness.</p> <p>Note that any open public objections to the accounts may delay the issue of our audit certificate until such point that these can be resolved.</p>	<p>Auditor's report</p> <p>The audit certificate to close the audit for the year will be included in the auditor's report, unless there are any open objections to the accounts which prevent this from occurring.</p>	TBC
Annual audit letter	Public-facing summary of our audit work and key conclusions for the year.	Annual Audit Letter to be drafted upon completion of audit work.	<p>Annual audit letter</p> <p>The key findings from our audit will be reported in the annual audit letter.</p>	<p>TBC</p> <p>Deadline</p> <p>31 October 2016</p>

AUDIT PROGRESS 2015/16

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	RAG
Grants report	Summary of our certification work for the year.	To be issued following the completion of all of our grant certification work.	Grants report The findings of our certification of grant claims will be reported to the Audit Committee in January 2017.	TBC Deadline 28 February 2017



The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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