



LONDON BOROUGH OF BARNET COUNCIL

Audit Progress Report to Audit Committee

16 April 2019

INTRODUCTION

Background

This report provides the Audit Committee with an outline of our proposed work and progress to date for 2018/19.

Audit of the financial statements

- to be satisfied that the accounts present a true and fair view
- 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

- issue an audit plan that sets out how we intend to carry out our duties
- report the findings of the audit to those charged with governance
- to express an opinion on the accounts
- express a conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources
- to certify the completion of the audit
- issue an annual audit letter highlighting the results of the auditor's work.

Certification and returns

- issue a report on findings in terms of procedures agreed upon with the Council and DWP in connection with Housing Benefits Assurance Process certification
- issue a report on findings in terms of procedures agreed upon with the Council and Teachers Pension in connection with Teachers' Pensions EOYC return
- issue a report on findings in terms of procedures agreed upon with the Council and MHCLG in with the connection with pooling of housing capital receipts return.

Objections and questions

- To investigate objections raised by members and the public.

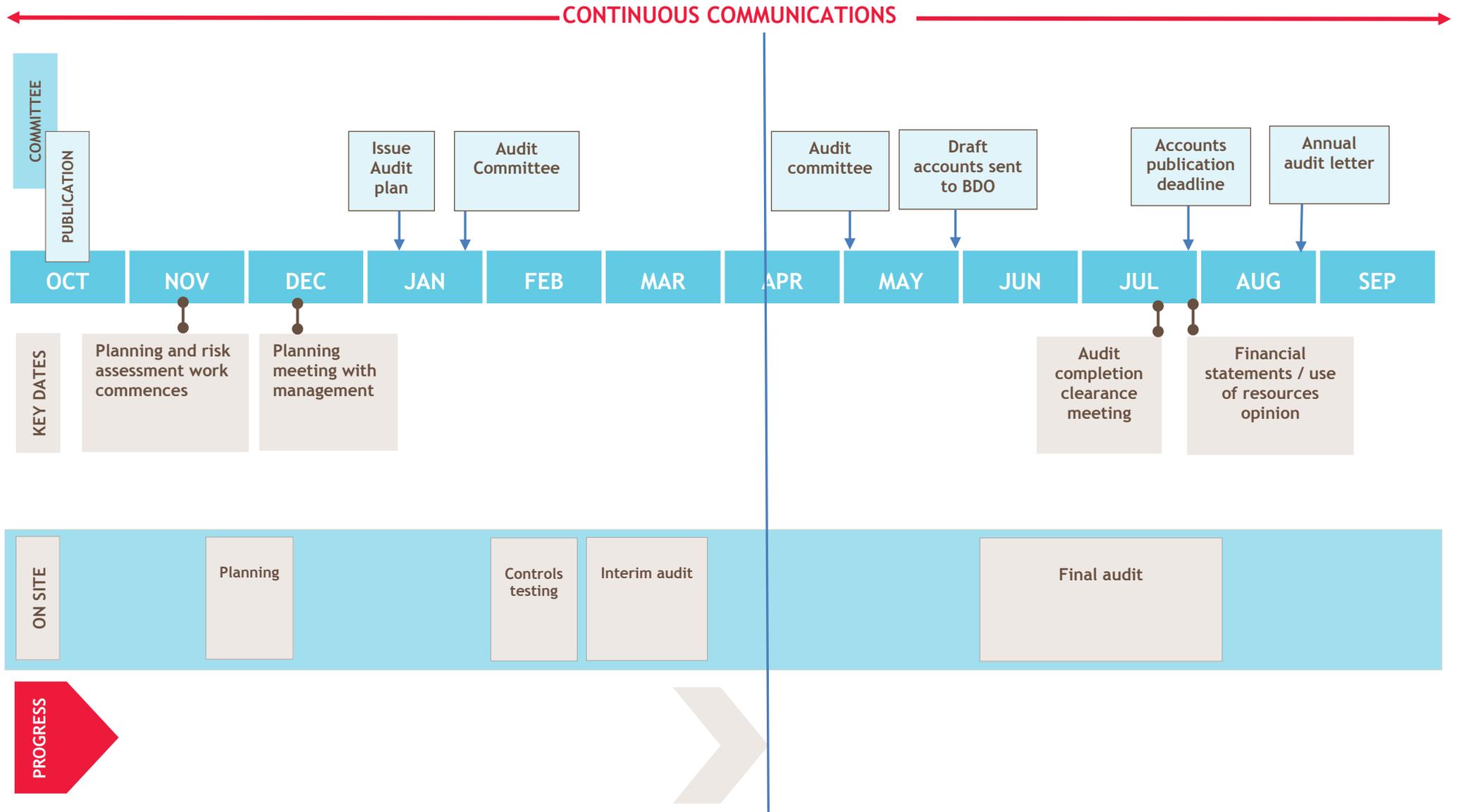
Progress to date

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.

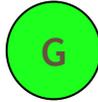
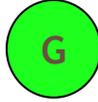
This is included as a 'RAG' assessment in the report:

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 2018/19



CODE AUDIT 2018/19

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	ASSESSMENT
FINANCIAL STATEMENTS				
Controls testing	Audit of the significant financial systems that support the financial statements.	We have reviewed and tested the design and implementation of key internal controls as well as the operating effectiveness of these controls, where necessary. We have not identified any significant control weakness.	Audit Completion Report To be issued in July.	
Financial statements audit	Audit of the financial statements to determine whether these give a true and fair view.	We have undertaken nine months of financial transactions testing to December 2018. Our audit work identified a small number of potential grossing up of income and expenditure amounts where the Council acted as agent, and we have reported errors in the presentation of similar transactions in recent years. These issues are under consideration by the Council and will be finalised during our final visit in June.	Audit Completion Report To be issued in July.	
USE OF RESOURCES				
Review of arrangements to secure economy, efficiency and effectiveness	To be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources. <i>In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.</i>	We have completed our initial reviews of the Council's arrangements as part of our initial planning to inform our risk assessment process. Following an inspection July 2017, Ofsted assessed the Council's Children's services as inadequate. Regular monitoring reviews (latest reported 11 March) shows steady improvements being made. However, Ofsted has yet to carry a full inspection to update the overall rating. A refresh of financial sustainability will be undertaken during June 2019 following the financial outturn and MTFS updates.	Audit Completion Report To be issued in July.	

CODE AUDIT 2018/19

AUDIT AREA	SCOPE	PROGRESS	REPORTS / OUTPUTS	ASSESSMENT
REPORTING				
Audit certificate	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.	N/A	TBC
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 To be issued in August.	TBC

CERTIFICATION AND RETURNS 2018/19

RETURN	SCOPE	PROGRESS	REPORTS / OUTPUTS	ASSESSMENT
Housing Benefits Assurance Process certification	To complete the DWP revised Agreed upon Procedures work	<p>We have commenced with our detailed testing of housing benefits cases. This will also support both the housing benefits expenditure and grants subsidy reported in the accounts. We have completed 34 cases out of the 60 initial cases required for HBAP certification. We have identified the following issues to date:</p> <ul style="list-style-type: none"> • x1 rent allowance case where benefit was underpaid as a result of wrong LHA rate used to calculate benefit entitlement • x1 non-HRA case where expenditure was misclassified between cells 014, 015 and 023 • x1 non-HRA case where overpayment was misclassified between technical and eligible overpayment • x1 non-HRA case where the full amount of eligible overpayment was not recorded in the overpayment cell. <p>These errors will require additional 40+testing in August and the full impact on HB subsidy will be assessed.</p>	<p>Report to DWP</p> <p>Work to be completed and reported in November.</p>	
Teachers' Pension return	Report of factual findings in connection with the connection with Teachers' Pensions EOYC return	Detailed testing of teachers' pension EOYC return to commence in August.	Work to be completed and reported August.	TBC
Pooling housing return	Report of factual findings in connection with the Pooling of Housing Capital Receipts.	Detailed testing of pooling of housing capital receipts to commence in August.	Work to be completed and reported in August.	TBC

OBJECTIONS UPDATE

OBJECTION	PROGRESS	EXERCISE OF LEGAL POWERS
PCNs issued on housing land (2015/16)	In progress	
Sale of Victoria Lodge (2015/16)	In progress	
PCN accrued income (2015/16, 2016/17 and 2017/18)	Statement of Reasons issued No evidence of unlawful income. We have provided a schedule of costs to the Council totalling £4,446 based on 26 hours spent dealing with this objection at PSAA grade fees.	No action taken
Lenders Option Borrowers Option (LOBO) loans (2016/17)	Statement of Reasons issued Decision to take LOBOs borrowing was not unreasonable. We have provided a schedule of costs to the Council totalling £6,669 based on 39 hours spent dealing with this objection at PSAA grade fees.	No action taken
Gainshare payments (2016/17 and 2017/18)	Draft Statement of Reasons issued	
Parking enforcement contract extension (2017/18)	In progress	



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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