

MINUTES OF THE MEETING OF THE GENERAL PURPOSES COMMITTEE HELD ON THURSDAY, 23RD JULY, 2020

MEMBERS: Councillors Mahym Bedekova, Yasemin Brett, Katherine Chibah, Lee David-Sanders, Joanne Laban, Tim Leaver, Dino Lemonides and Claire Stewart. Peter Nwosu (Independent Member)

Officers: Fay Hammond (Executive Director Resources), Gareth Robinson (Head of Corporate Finance), Gemma Young (Head of Internal Audit and Risk Management), Jeremy Chambers (Director of Law and Governance), Jayne Middleton-Albooye (Head of Legal Services), Martin Sanders (Service Management & Governance Manager), Kieron Murphy (Director of Data, Digital & Technology), Metin Halil (Governance Officer) and Susan O'Connell (Governance Officer)

Also Attending: David Eagles (BDO), Francesca Palmer (BDO), Satinder Jas (BDO) and Roopal Bakarania (BDO)

1. WELCOME AND APOLOGIES FOR ABSENCE

The Chair welcomed everyone to the meeting, which was being broadcast live online. Committee members confirmed their presence. Apologies for absence were received from Councillor Lappage

The Committee held a minute's silence as a tribute to Councillor Chris Bond who had passed away recently.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

AGREED that the minutes of the Audit & Risk Management Committee meeting dated 5 March 2020 be approved.

4. EXTERNAL AUDIT PROGRESS AND FEES UPDATE

David Eagles from BDO (external auditors) introduced the report on the external audit progress and fees update.

NOTED:

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1. The main purpose of the report is to provide an update of where BDO are with the current external audit of the main council and the pension fund; and to update on the fees position for the last couple of years.
2. The main audit progress is at an early stage with the main part starting early August. The national context is that the MHCLG have put the accounts preparation deadline back to the end of August and the publications deadline back to the end of November. The council is ahead of the revised deadlines and is aiming for September publication.
3. Extensive work has been undertaken on valuations particularly on HRA beacons which was an issue on last year's audit. BDO have started early on this to provide lead time for valuers to respond and resolve queries that will be raised.
4. On the valuations that have come through BDO are not only looking the valuations as end of year was March 2020 but also revisiting the position as at the end of March 2019. This is to provide more information to further improve the robustness of positions. This is ongoing at present
5. The Pension fund audit commenced slightly earlier. This is ongoing and a fair bit of progress has been made. This year this has included additional work on what the actuary does in terms of membership data cleansing. Every three years the actuary undertakes an extensive exercise to strip out potential anomalies in the data sets they have for different types of members. So that the calculation of estimated liabilities is as accurate as possible. BDO as part of their work this year are looking at this data cleansing exercise undertaken by the actuary and this work is progressing well.
6. Overall the external audit is on track at present with the caveat being what comes out of the valuations work that is currently being looked at. Regular updates with officers are taking place to keep on track with the audit.
7. There was an additional £55,900 added to the costs of the 2018/19 Audit. There was a detailed analysis undertaken and a summary with the key elements are included in the agenda paper. The majority of this amount relates to additional work on valuations.
8. The 2019/20 fee position reflects in their work programme differences of approach. This is based upon quality reviews that have been feedback in terms of different ways of looking at valuations and pensions. This also includes a significant raising of the bar by FRC meaning the grades which BDO are required to achieve have been increased. This creates movement in terms of what needs to be done so the work programme and resource supply have changed.
9. To provide transparency these have been broken down in the report to areas where a change in approach is a recurring change and those areas considered to be a one off.
10. The report highlights the substantial increase in HRA beacon valuations. This was previously 24 and now is in the region of 400 for this particular year.
11. This is subject to discussions with PSAA who are required to approve any fee variations. The proposals are consistent with proposals elsewhere within BDO and with other firms.

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12. For 2020/21 audit there is a new code of practice introduced from 1 April 2020. This changes significantly the way BDO undertake their use of resources work. Previously undertaken work was solely on what was considered to be significant risk. The new approach is on wider matters and this creates flexibility to look at emerging issues as they arise to provide more timely feedback and more constructive recommendations for improvement.
13. In addition to the widening of the scope there is a need to report back at the end not only the conclusion but a narrative report in a refashioned annual audit letter.
14. These elements are expected to increase both the volume of resources but the grade mixes necessary to undertake the work with increased work at a more senior level.
15. It is expected that this will result in an increase in fees, however the mandatory guidance for auditors on application of the code is still subject to consultation. At the end of autumn, when the guidance notes have been finalised BDO will come back to officers and then to the committee to explain the consequences and fee implications.

The following questions, statement and queries raised in response:

- There have previously been issues where staff were unavailable to assist the council due to illness or lack of staff. Will there be staff available to assist the council if there is an issue and is this reflected in the increased fees. BDO acknowledged that there have been occasional delays in the past due to staff availability and illness. Whilst there is a commitment to provide as much staffing as they can do should there be unforeseeable events that prevent this then nothing more can be done about this. However, the fee reflects the additional resource necessary to do the work. BDO are working to an agreed timetable and will deliver as necessary. The fundamental driver for the increased fees is not timing, it is the issues that were arising from the work undertaken as part of the audit and the audit trail they had to work with. As the paper states officers are working on addressing issues such as audit working papers and supporting ledges to enable those accounts to be prepared on a more robust basis.
- What are the auditor's views on losses due to Covid 19 and how this straddling 2 years? BDO advise for the audit 2019/20 in terms of the accounts must look at how Covid 19 exposure will potentially affect some of the figures in the accounts. It is expected to have implications on certain valuations, and cashflows from activities that had to be suspended e.g. car parking, bad debt issues with fees and charges not being able to be paid, rent issues. This includes looking at the accuracy of the numbers ensuring that there is consideration of those key estimates. In terms of use of resources what has been agreed nationally is because lockdown came very late in terms of the 2019/20 position there is little impact for 19/20 on use of resources considerations. Although it is expected that there will be disclosures in the governance statement that will reflect any significant changes, that have had to be put in place as part of that process. The sign off for the accounts covers up to and including the end of September when the

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audit opinion is given. For 20/21 it is more difficult to say what needs to be looked at in terms of use of resources, partly because the guidance is changing. There will be a full year's impact of arrangements. At present BDO have not determined the risk assessment or the work programme. There is no national guidance at present on what needs to be considered. This is an evolving position.

AGREED to note the External Audit Progress and Fees Update report.

5. DRAFT STATEMENT OF ACCOUNTS 2019/20

Gareth Robinson, Head of Corporate Finance introduced the accounts and apologised for the lateness of these papers. He offered a separate formal or informal session to discuss the accounts to committee members should they require this.

NOTED:

1. The Council have a statutory responsibility to produce accounts and have them audited by two clear deadlines. This year due to Covid 19 the dates for completion have been extended for sign off the draft accounts from 31 May to 30 September and the final accounts from 31 July to 30 November.
2. The council always intending to have the accounts finalised before this date. Last year accounts were significantly extended due to major challenges relating to the HRA valuations and problems with the underlying production statement of accounts.
3. The statement of accounts is four main statements from page 20 onwards in the actual statement of accounts.
4. The balance sheet itself records the councils financial position showing what the council owes and is owed by organisations.
5. The key point to review is council's net assets or equity which is £428m at the end of 2019/20. This is what the Council itself is worth, albeit. that some of the assets are valued in a non-commercial manner but value in use.
6. The comprehensive Income and Expenditure Statement is broadly equivalent to a profit and loss statement in the private sector. This records the income and expenditure in year. It is worth noting that the total income and expenditure shown at the bottom of the page shows the movement between the net equity or net assets between the years. This was £79m for 2019/20.
7. The Movement in Reserves Statement records the details of the difference reserves areas in accordance with statute, this is really important to local government. It includes the usable reserves capital adjustment account, valuation reserve, pension reserve and collect fund reserve, etc. It is often referred to the triple lock. The Movement in Reserve Statement, the Comprehensive Income & Expenditure Statement (CIES) and Balance Sheet. They must all tally up perfectly.
8. Following these statements and the note of the accounts is the Collection Fund which is how we record council tax and business rates, housing

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- revenue account and group accounts as the council has four companies at present plus a dormant one. The pension fund is at the end
9. As BDO referred last year there were some major problems with the account production and had concerns about the HRA dwellings. This caused the council to take a major overall of all its processes which identified historic weaknesses. There is a new CIPFA asset register, reviewing all the data, checking for existence, the classifications and asset lives. This involved cross checking with third party independent sources in property, housing and the land registry. This is industry standard for local government accounting.
 10. The accounts previously were not consistent, now all entries are entered the ledger. Previously lots of entries had been recorded on an Excel spreadsheet and had not been entered into the SAP system.
 11. It is very important to be consistent so now the three main statements reconcile under the triple lock approach. The future goal is to make the step forward and eventually have an automated overlay to produce the accounts automatically. The main focus now is continual improvement and getting it right first time
 12. All major balances have been reviewed and the council is moving to a quarterly approach for all reconciliations.
 13. The Council has gone out to hire for key vacancies at present as want to make ensure that there is in-house development and cut out no agency staff (preferably none).
 14. All bad debt provisions have been produced and should now be IFRS -9 compliant.
 15. There has been a big movement in last year's accounts. This is due to £100m downward reduction in our net equity. This was driven by primarily the fact our infrastructure assets had very long lives which are inappropriate. They had been restated for the 17/18 and 18/19 accounts in the balance sheets. This meant a £72m downward movement on this specific asset group. The details of this are in note 43. You can also see the actual movements on note 12.
 16. There is also very large reclassification of assets, particularly between investment properties, other land buildings and assets under construction categories.
 17. By moving to the new asset register this will make the accounts more robust as it will reduce risk and will make the audit smoother and create greater confidence.
 18. Last year there was one loan that was treated as a grant, so this had to be restated in the 18/19 accounts. This was for £2.5m and related to Meridian Water.
 19. The ultimate focus is to have confidence in our balances and to have the auditor's confidence throughout the process. The auditors have been very supportive of getting it right first time and our fundamental bottoming out of the issues.
 20. Moving on to the current year, Covid19 has had a dramatic impact on accounts. BDO referred to the valuation changes. The council had gone through a robust data driven approach for 18/19 and 19/20. So, we have redone all the 416 different beacons to resent the entire estate on HRA dwellings for 31 March 19 and 31 December 19. This was then rolled

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forward for three months for market assessments with the assumption that there would be little difference. Due to the lockdown it has been very difficult to truly assess market valuations due to sparse data. The HRA valuers have landed on a 5% reduction. It is worth noting that Knight Frank choose 7%.

21. Four months onwards from March 31st, there may be a different opinion and we always anticipated during the audit that we would review these entire processes. So, we would expect the valuation numbers to change, based on discussions with valuers and auditors.
22. By the end of August there will be four and a half months of data and much greater confidence in what the actual numbers should have been. This will likely be an upward revision to the estimated figures.
23. The other main difference is in pension fund liability there is a £216m pension movement downwards driven by gilt rates. This is the same for all local authorities.
24. In the future when gilt rates return closer to historical normalcy, it is likely that this liability will increase significantly.
25. Another issue was that there was a lot of cash at year end. The council received £50m to provide support for businesses, and other monies for care homes and also received monies for 20/21 earlier as government wanted to ensure that councils would not have cash problems and would be able to get money out to local businesses and pay them. Also £80m of loan monies were received at year-end. Over the last three to four months, monies have gradually been given out in relation to Covid-19 and capital expenditure has gradually taken place. More details on this are provided in note 8 on page 42 of the report.
26. The next steps:
 - In the coming weeks the production of the main audit will commence.
 - BDO have started work on Property, Plant and Equipment (PPE) queries earlier, will be reviewing the asset register. They have already been queries on this matter that the council has responded to and this allows the council more time to get back to the valuers and the auditors to resolve outstanding queries.
 - Very grateful for the collaborative working with BOD which is much improved from last year.
 - The next meeting of the Committee is the 15 October and hoping to have unqualified conclusion for then.

Questions, comments and queries,

- Does the change in valuations affect the minimum revenue provision? Officers confirmed that there is no impact on any revenue position from a change in valuation figures.
- What is a beacon)? The local authority has 10k properties across its entire estate. Obviously, the council does not value all of the properties instead beacons are selected to represent the estate. Previously we had 24 beacons; there are now 416 made up of different construction types, postcodes, no of bedrooms, dwelling types (flats/houses et al), different ages and potentially styles allowing a more representative and accurate view.

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AGREED to note the Draft Statement of Accounts.

6. DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20

Jeremy Chambers, Director of Law and Governance presented the Annual Governance Statement.

NOTED

1. This Annual Governance Statement is required to be completed each year. The committee's attention is drawn to the areas of significant change, the actions taken to improve governance during 19/20 and the areas of focus for 20/21 detailed in the report.
2. The areas of focus for 20/21 are Information Governance risks including cyber security which is high on the list (covered next on the agenda); Improving and enhancing customer access to services; continued need to ensure high standards of health and safety; and to ensure that our business continuity plans are fit for purpose.
3. The biggest areas are the ongoing impact of council's response to Covid 19, this is under constant review by the Council, Cabinet, Senior Management team and Departmental Management teams to ensure that there are financial and governance arrangements in place.
4. The Council will also be looking at demand led services which have the higher cost impact on the Council.
5. The impact of the implementation of Universal Credit is to be reviewed.
6. The Impact of a no deal exit from the European Union. The Director of Law and Governance is the senior point of contact for the Government. The Brexit Panel is chaired by Cllr Barnes. The Council is preparing itself reviewing all the options in terms of the impact on the community should the UK leave on the 31 December without a deal in place with the European Union. The Council is working on the basis of the highest risk, worst case scenario which is a no deal at the end of the transition period.
7. When these risks are collated for the Annual Governance Statement, they are sent around the senior management team and discussed at the Assurance Board to identify a list of areas that we believe are our areas of real concern that we need to monitor closely.
8. The conclusion of the Annual Governance Statement, which is signed off by the Leader of the Council and the Chief Executive is that we are satisfied that we have the appropriate governance arrangements in place. Over the next year we will take steps to address the matters raised tonight and to further enhance our government arrangements

Questions, queries and comments raised:

- On the Risk Management Strategy on Meridian Water risks it did not have a risk pandemic flu. In the report it says that we have robust Annual Governance Statement and all the decisions were done correctly, all in public and all properly. It was believed that one meeting of the Planning Committee was not held in public. It was also queried why the Brexit panel is not a public meeting. Officers responded in terms of Planning Committee query more information was requested. The Brexit Panel has

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one member who chairs this. The rest of the attendees are officers of the council and representatives of partner agencies. It is lawful in terms of governance for this not to be a public meeting. It is not a formal meeting of the Council and is not decision making. It is in effect a working group.

- Governance during COVID has been a difficult time for local authorities. The law did not permit virtual meetings, so we were unable to make collective Cabinet Decisions for a period of time from the 23 March when lockdown started till the 4 April when virtual meetings were permissible. The Council had a difficult time in terms of making decisions. A protocol was agreed with both the majority and opposition parties. This was shared with 40 other authorities who had asked how we were dealing with decisions during the Covid crisis.
- In terms of the risk register, there is a huge Meridian Water Risk Register in its own right. There is a separate Brexit risk register which has previously been to this committee. We have as an organisation a pandemic flu plan that was originally activated when Covid19 first emerged. However, this quickly became clear that this was overtaken by events as this is not sufficient for a national emergency. Whilst it was a testing time the governance arrangements and the way we conducted ourselves at Enfield were very robust.

7. CYBER & TECHNOLOGY SECURITY

Kieran Murphy, Fay Hammond and Martin Sanders introduced this report.

Noted

1. A similar report had gone to a previous meeting of the Audit & Risk Committee. This report has been refreshed and brought back.
2. Kieron Murphy has joined the Local authority this year as the Director of Data, Digital and Technology and his title reflects how important cyber security is. One of the top objectives in this role is to move Enfield's cyber security and data assurance to a better setting. The Council now has a very clear plan of action against each of the risk items. These have been ranked, including targeting to individuals and to specific dates. All risks will be reported to the Assurance Board to ensure that progress has been made.
3. Since the last report some risks have been addressed; a phishing test (rogue email) in July was sent to test the council's cyber compliance. This has generated action points amongst them the need for more cyber security training for both public and officers.
4. This report builds on the previous report and considers not just cyber security, but also looks at how we train people and the tools used. The purpose of the report is to recognise some key proposals. The appendix to the report details the types of risks and threats and how the council deals with them.
5. The Council would like to adopt and work towards the National Cyber Security Standards. The key risks will be reviewed through a remediation programme which will be brought back to a future Committee meeting.

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6. Security roles are to be bought under the remit of the Director of Data, Digital and Technology, some roles at present are spread across the Council.
7. The reason for this proposal is that there are some existing assurance risks and will always exist because of the use IT and cyber tools. A number of these risks and threats have risen due to the substantial increase in remote working. These increased threats have become more sophisticated and are not perpetrated by individuals but by criminal organisations. The council wants to ensure that the existing tools we have are being used fully and that the processes are robust.
8. The local authority must maintain statutory compliance including everything from taking payments through to how it communicates with other public organisations.
9. There is a need to raise awareness that the Council as a whole is aware of risks and threats and that it has the tools to deal with them.
10. The National Cyber Centre is promoted by the Cabinet office and the Local Government Committee. Enfield was not previously using these standards, instead they were using other organisations.
11. Prior to Covid 19, research from companies such as Mimecast had indicated a 140% increase in phishing (clicking on links), email spoofs (pretending there are from somewhere else), ransomware attacks (where you have to pay to release your software). Over 40% of small and medium firms had a security incident in the past year.
12. The Council have had 51 reports in the last quarter, 1 of these had severe business impacts. This was an attempt to direct payments to a different bank account, which was prevented with no financial loss. There were some medium risks (these have a potential impact but generally people report them) and low risks (things such as what do I do in these cases).
13. There are 50 risks reported most quarters including the lockdown period. As awareness is raised and the training is improved this number may rise as people report more.
14. There is a Cyber Security Risk Register detailed in the report. The risks in the red box are key an example being old applications, from an external supplier these are not compliant with standards and there will be a future strategy to replace them. In the meantime, they will be monitored.
15. We received a report from government in June identifying the impact of Covid 19 and some of the recommended approaches. The Council has tested against this report. The key point highlighted in this report is that more people working remotely on their own networks attaching to the council's network creates more vulnerability. The amount of remote working across the council has increased from approximately 500 people pre Covid19 to approximately 2.5k people working remotely. This brings an increased exposure to risk.
16. The numbers of staff to deal with increased risks has not been increased so the Council is reviewing the use of the available tools. Increased ransomware attacks are one of the issues that public sector organisations should be most aware of. This is where criminal organisations try and take over organisations and then demand a fee to release the system back.

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- Other examples of threats that we need to be aware of are; phishing, cyber enabled fraud, espionage, and hacking.
17. Some examples of the action that should be undertaken and will be built into our plan are; the need to review the supply chain, including looking at the devices that are coming through our applications; and reviewing local reporting groups that the Council should be a part of.
 18. A survey is now being undertaken and will be completed this month to look at how good we are and where are the gaps.
 19. The Council has been given some free toolsets which will help measure where we are with our security.
 20. Since this report the Council has now joined local digital declaration. This gives as an opportunity to get some funding and some assistance with a number of programmes the Council has. This also means that the local authority is recognised as a leading organisation in the way it deals with security threats.
 21. At the end of this month there will be a report on the standards, and this will put to the internal Assurance Board.
 22. The cyber security remediation plan will be reviewed and will be part of a continuous improvement plan.
 23. A strategic review has been undertaken to ensure that the right people are in the right places, and also moving to report monthly to the Assurance Board.
 24. The council is now bringing into business continuity and emergency planning issues such as ransomware attacks and phishing to simulate potential issues as part of this planning.
 25. A few achievements over the last quarter to be noted; raised the training and awareness within organisation including new starters; issued Covid19 and remote worker guidance; now have permanent people in place in the security team and have received funding from LGA to train them. The Council has introduced a number of key security solutions for remote working such as a layer of security during lockdown, additional risk assessments undertaken on social media.
 26. All our suppliers must meet security standards. All IT projects assigned against the security standards,
 27. Projects being delivered at present; multi factorial identification similar to what banks use. This is being rolled out now and once fully rolled out will reduce the risk of being hacked by 99%
 28. The local authority is working to renew the Public Services Network certificate, the government has granted an extension to allow us to work on fixing Covid19 related issues first. By September we should be in a position to reapply for certificate
 29. There is one dashboard covering data protection, cybersecurity and information governance.
 30. The main considerations for approval by the committee is the adopting of standards, the approval of the cyber security remediation plan, the transfer of the roles into the Director of Data, Digital and Technology, and the acceptance that we are going to need to implement new tools.
 31. A report will go to Cabinet in October as part of the restructure. This will show what further investment may or may not be required. At present no further funding is being requested but this may change.

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32. The Council needs a piece of software to deanonymize data so that we still remain fully compliant in our audit that we are not deleting information that is sent over. The report can be shared on the breaches at the next report. Officers will confirm with the Director of Law and Governance the element of the report that can be sent out to the committee.

The following questions were raised:

Q: 84 per cent of IT security budgets have risen do you expect these rising further do we have enough financial support. There is also a recognition that too much data to analyse can be a security inhibitor do we have enough staff, and can we get ahead of the curve with staff numbers as more will be done online?

A: We do not expect a high increase as we have already spent the money putting in monitoring systems and recruiting the additional permanent staff. In the medium-term financial plan, an additional £350k was included as staffing growth in 2020/21 and a further £350k in 2021/22 in order to strengthen the ICT team. The monitoring software needs to be taken to a new level of scrutiny now we have the internal staff in place who have replaced agency staff. There is currently an ICT staffing restructure under way that will strengthen the Infrastructure and compliance areas by addressing key security skills, including the creation of new jobs requiring different skill sets. - In addition, there is a review of our current ICT programme which will prioritise cyber security, this refreshed programme will be presented to Cabinet in the Autumn of this year.

Q: How often do we monitor security system?

A: Our tools are in operation 24/7. For example, the we use email monitoring software provided by Mimecast, we monitor our network using software called SolarWinds and we undertake Penetration Testing of our network using a company called CareTower. We monitor security breaches daily and report these monthly and for any major breach or incident an incident report is issued on the day. As we develop our approach, we will be creating a new ICT Security, Information Governance and Data Protection dashboard over the coming two months, this then will be shared with the Assurance Board at every meeting.

Q: In what way do you decide to risk level on the risk register?

A: We use the corporate risk register standards to assess risk – (impact/likelihood) to create risk score that is then banded as high/medium/low.

Q: Numerous studies have shown that it is difficult to deanonymize data what reassurances can you give us. Do we keep a ledger of breaches that can be shared with us even if it is a sample?

A: The council is alert to its GDPR responsibilities in this area, should there be any breaches, these would be reported to the Information Governance Board and onto the Assurance Board as appropriate. Further, with the multiple systems used by the council and data we hold, this is indeed a challenging area for system testing. The current approach is to manually change any sensitive data by redacting it. In addition, additional software will be needed, to do this automatically. We are looking to invest in data anonymisation tools that can amend or redact data by rules set within the tool, and we use reporting logs that identify changes to data.

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AGREED:

- i. Recognise and accept the risks and findings in the report
- ii. Support the adoption of the NCSC standards and compliance for the organisation
- iii. Note the proposal to address the key risks through a Cyber Security remediation programme from June 2020 and for regular updates to this Committee
- iv. The movement of SITO and CISO roles to the Director of Digital, Date and Technology

8. 2019/20 ANNUAL INTERNAL AUDIT REPORT

This was introduced by Gemma Young, Head of Internal Audit and Risk Management

NOTED

1. The Public Sector Internal Audit standards require the Head of Internal Audit to give an annual audit opinion of the council's governance, risk management and internal control. This year's opinion is limited assurance.
2. There are four categories of assurance that can be given; substantial, reasonable, limited and no assurance.
3. The reasons behind this rating are as follows. This year there were 44 pieces of work undertaken by the internal audit team which gave an assurance rating. There were 32 audits were targeted at key Corporate Services and 12 of these received a negative audit opinion (limited or no assurance). There were 12 schools' audits and of these 8 received a negative assurance opinion. It is clear that as a Council it is the schools that are pushing us into that limited range.
4. In terms of actions, there were 161 actions recommended in audit reports across the year for corporate audits and 183 actions recommended for schools. The reason why schools' audits have disproportionately more actions is that the audit looks at a broader scope area for schools so it is natural that there would be more actions recommended. Overall there were 344 more actions recommended by internal audit.
5. Part of the opinion is based on the timely implementation of agreed audit actions.
6. As at year end 31 March, 73% of corporate high-risk actions have been implemented and 44% of corporate medium risks implemented rising to 100% for high risk and 85% for medium risk by the 15th of July. For schools, at year end, 59% high risk actions and 75% medium risk actions had been implemented, rising to 82% for high risk and 78%for medium risk by the 15 July.
7. In terms of why the council has received a negative overall assurance opinion for this year, it should be noted that this year audit has targeted the extremely high-risk areas. Although the plan is for the Head of internal Audit and Risk Management alone to decide, there is close working with the Assurance Board and Executive Directors are asked to identify their high-risk areas.

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8. Another reason for the limited assurance category is that the style of audit has changed from continuous monitoring for key financial systems which is essentially the same tests repeated again and again. This has now changed to proper deep reviews of the key financial systems and this has uncovered some issues that need to be resolved.
9. There have been some areas where assurances can be obtained externally such as the good overall rating for the Ofsted report, positive LGA review of the Early Years' service, the Grant Thornton financial resilience review, the adoption of the 10 year capital programme, the treasury management strategy, the introduction of a new risk management framework and improved transparency in financial reporting.

Questions, comments and queries:

- In response to a query on why there is no assurance for homelessness and one of our primary schools. Officers advised that for homelessness it found that they were not always recording reasons for decisions. It is imperative to be able to demonstrate why a decision has been made and this was not always the case. Audit also found that the submission of data for statutory returns was not always accurate. These were the high-level findings from the audit. For Oakthorpe primary school the full detail can be found in Appendix 4 on page 40-41 of the agenda papers. Appendix 4 also provides details on all the No and Limited assurance audits
- Members queried whether it is a common issue across schools and whether something could be done to assist the schools through the Director of Education to support them. Officers advised that in the next report on the agenda the 2019/20 Schools Audit Annual Report, the themes are grouped together. This report goes out annually to schools so that they can see what has been found. Procurement is a common issue and audit tries to provide a how to guide every year. Part of the reason why schools have not come out well is that audit will deliberately target certain schools where there may be suspected issues. Since this item was discussed at the Executive Management team, discussions have taken place with the Director of Education and school improvement team. There is a plan to improve things in schools. The communications with schools will be improved, schools will be given longer lead in times for the audits. The Council is also going to tailor the audit programme slightly to match with the school's financial value standard. The audit reports are already distributed to the Headteachers, governors and school business managers.
- A follow up and escalation process has been agreed with the Executive Director of People and the Director of Education so that they will be more aware of where schools are not implemented the actions that have been agreed with them.
- Members queried why audit findings on the Meridian Water project are identifying as medium or high risk and not critical particularly where the clear identification of roles was identified on p 33. Officers advised that critical will be for a life and death situation only. An example was given of the only critical finding in the last couple of years which was for a telephone line that was going into a care home and was part of an alert system (safe and connected) was going to a single phone line so if this

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was engaged and the fire alarm went off then the fire alarm would not be able to dial out and call the fire brigade.

- In response to a query on how the going up and down for school roles is captured and when this is identified as a risk. Members were advised that for schools' financial management there is an overarching audit in this year's audit plan. This will look at; why this is going wrong, how this can be improved, which schools are good and how can we share best practice and stamp out poor practice. This issue should be captured in this as it is a funding issue for schools. In terms of the impact that the ups and downs of school roles have, this is one of the big risks around the individual school's financial resilience. This does have a big impact on the individual school's financial planning. As part of the work of the Council's finance team every year we require schools to complete budget returns which includes forecasts on their pupil numbers on role so that they understand what their future budget position is. We do have a number of schools where their roles have gone up and down and this does seriously impact schools' budget and individual schools must respond to this challenge and come back into budget. The local authority has a supportive role encouraging schools to identify those problems early and taking early action.
- The Committee asked why is Brexit and climate change are not on the risk register? Officers advised that Brexit has its own separate risk register which comes to the committee. Climate Change can be covered under item 14 on the agenda.

AGREED to note the Internal Audit Annual Report.

9. 2019/20 SCHOOLS AUDIT ANNUAL REPORT

This was introduced by Gemma Young, Head of Internal Audit and Risk Management

NOTED:

- This has already been partially covered under the previous item.
- Page 49 provides information on the details of the themes found in the school's audits.
- Appendix 1 to the report is the letter aimed at Headteachers and school governors to provide them with a summary of what has been found.

AGREED to note the 2019/20 School Audit Annual Report.

10. 2020/21 INTERNAL AUDIT PLAN

This was introduced by Gemma Young, Head of Internal Audit and Risk Management

NOTED:

- This is the 2020/21 Audit plan which is outlined in Appendix A. This includes school's financial management which will be cross cutting. In terms of the other cross cutting audits there is Procurement Social Value, Climate Change, Adult Social Care and financial assessments. Then it is broken down by directorate and detailed in the report.

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- In terms of the Schools audit plan this includes schools that we have not looked at for a while or where we have concerns

AGREED to note the 2020/21 Audit Plan

11. 2019/20 COUNTER FRAUD SERVICE ANNUAL REPORT

This was introduced by Gemma Young, Head of Internal Audit and Risk Management

NOTED:

1. The report covers April 2019 to March 2020.
2. Audit have supported council housing and temporary accommodation teams to recover 100 properties over the course of a year
3. Audit have identified overpayments and potential savings of over £3.11m this includes things such as fraudulently claimed right to buy discounts, claims for support provided by the no recourse to public funds team, council tax and housing benefits.
4. The Council has levied 12 financial penalties totalling £9k for council tax support offences.
5. Page 88 breaks down counter fraud savings analysis and page 89 details category recovery and general investigation details can be found on pages 90-91
6. The Counter Fraud team promoted International Fraud Awareness week last November.
7. Whistle Blowing policy has been promoted in Staff Matters and in discussion with HR on further ways to promote the policy.

Questions, comments and queries:

- The annual target how is it decided, and will it change. The Committee was advised that generally, this target increases every year. However, this year it will remain unchanged. So far this year six properties have already been recovered, may not recover the property target this year. We have already saved well over a million on the business rates grants. That is not included in this report but will be in the next report. The business rates grants include both mandatory scheme and discretionary scheme. The local authority checked and vetted each application received to try to ensure that all grants paid out were genuine. We have either denied or recovered over a million pounds worth of these monies.

AGREED to note the Counter Fraud Service Annual Report 2019/20

12. COUNTER FRAUD STRATEGY AND 2020/21 OPERATIONAL PLAN

This was introduced by Gemma Young, Head of Internal Audit and Risk Management

NOTED:

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1. The annual operating plan now includes business rate grants
2. Following a query on how the Council make sure business grants are used appropriately. The committee was advised that Local authorities are not required to determine how the monies are used just that the businesses are deserving of the grant and qualify for it. There has been a huge amount of work already on pre award checking. Central government is now requiring us to do post award checking. The Council is now looking at whether the business is going concern. Businesses cannot receive state aid if they are non-liquid
3. On what basis will businesses have to pay back. The audit team are identifying businesses that may have to pay the money back. There are around 35 cases in the borough. Discussions will need to take place with the Executive Director Resources to agree what the approach should be, and advice will be sought from the legal team. This will be determined once the full details are available

AGREED to note the Counter Fraud Strategy, including the counter Fraud, Bribery and Corruption Policy Statement, and the associated 2020/21 Operating Plan.

13. 2020/21 RISK STRATEGY AND RISK OPERATING PLAN

This was introduced by Gemma Young, Head of Internal Audit and Risk Management

NOTED:

1. This is a refresh of the risk framework. The Council had an internal audit of risk management which came back as limited and one of the recommendations was that we needed a better framework and an improved strategy.
2. The risk maturity ratings are detailed on the bottom of page 137. We are currently Level 2 developing we are aiming to be level 3 proficient but are not consistent enough at present this needs more embedding.
3. The risk appetite is detailed on page 139 and this will be the approach for the next couple of years if members approve.

AGREED to approve the updated Risk Management Strategy and 2020-21 Risk Operating Plan

14. CORPORATE RISK REGISTER

This was introduced by Gemma Young, Head of Internal Audit and Risk Management

NOTED

1. This item comes to the Committee each meeting to review or comment upon. There have been no addition or subtractions to this document, however some items have moved from medium to high risk:
2. The items that have moved to high risk are; failure to maximise income (increase due to Covid); Fraud/ Corruption (this always increases in a

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crisis); Information Governance and loss of IT (as a result of increased remote working) and Health & Safety (relating to Covid).

3. Brexit has separate risk register and came to committee in March and Covid 19 is in the overall risk register
4. Committee members were asked whether they wished anything to be added.

Questions, comments and queries:

- Members felt that Climate Change was a gap and should be included. This issue will be taken to the Assurance Board and the Executive Management team and brought back to the next meeting of the Committee.

AGREED to note the Corporate Risk Register

15. COVID 19 RISK REGISTER

This was introduced by Gemma Young, Head of Internal Audit and Risk Management

NOTED

1. This is a culmination of the work of the Council's Silver Command Group and the Covid Recovery working group, which is chaired by the Executive Director of Place. There is a good mix of operational and strategic risk covering the key areas.
2. Members are invited to comment or identify gaps in the register.

Questions, comments and queries:

- How often are the risks reviewed, noted that mental health for employees has gone from High to medium. Anxiety may increase as people return to their normal work location. What support is in place? The Committee was advised that initially there was a fear that the isolation would bring on huge waves of mental health problems, but this hasn't materialised. However, as people return to their normal place of work there maybe rises of mental health disorders. This will be reviewed by the Silver Group who meet weekly and review risks and it was confirmed that the Director of HR is on this group.
- The risk of a second wave is not listed as a separate risk, felt there is a real risk of a second wave should this not be separate risk. Officers advised that this will be taken to Silver Group and reported back to the committee at the next meeting.

AGREED to note the Covid 19 Risk Register.

16. COMMITTEE MEMBER TRAINING

Jeremy Chambers, Director of Law or Governance advised that appropriate training will be arranged for the Committee immediately before the next meeting.

17. GENERAL PURPOSES COMMITTEE WORK PROGRAMME 2020/21

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The Chair requested officers provide an email update on Brokerage and that a full report comes to the next meeting. Several other amendments were also requested as follows: the Covid 19 Risk Register, the final Statement of Accounts, the response on recording Climate as a risk within the Corporate Risk Register all to October's meeting and the Treasury Strategy to November's meeting. A revised work programme will be circulated.

18. DATES OF FUTURE MEETINGS

The dates of future meetings were noted.

The meeting ended at Time Not Specified.