

GENERAL PURPOSES COMMITTEE - 3.3.2022

MINUTES OF THE MEETING OF THE GENERAL PURPOSES COMMITTEE HELD ON THURSDAY, 3RD MARCH, 2022

MEMBERS: Councillors Mahym Bedekova, Tim Leaver, Lee David-Sanders (Deputy Leader of the Opposition), Joanne Laban (Leader of the Opposition and the Conservative Group), Edward Smith, Ergin Erbil (Associate Cabinet Member (Non-geographical based)) and Peter Nwosu (Audit & Risk Management Committee Independent Person)

Officers: Fay Hammond (Executive Director – Resources), Matt Bowmer (Interim Director of Finance), James Newman (Director of Finance - Corporate), Terry Osborne (Interim Director of Law and Governance), Gemma Young (Head of Internal Audit and Risk Management), Marie Lowe (Governance and Scrutiny Officer)

Also Attending: David Eagles (Partner, Binder Dijker Otte, Limited Liability Partnership (BDO LLP), Lisa Blake (Partner/Head of Public Sector Assurance, BDO LLP), Sebastian Evans (Audit Manager, BDO LLP)

1. WELCOME AND APOLOGIES

The Chair welcomed representatives from Binder Dijker Otte, Limited Liability Partnership (BDO LLP), the Council's external auditors.

Apologies for absence were received from Cllrs Mary Maguire, Cabinet Member for Finance and Procurement, and Claire Stewart.

2. DECLARATIONS OF INTEREST

No declarations were received.

3. NOTES OF THE INFORMAL MEETING HELD ON THURSDAY 13 JANUARY 2022

The notes of the informal meeting of the General Purposes Committee held on 13 January 2022 were AGREED.

4. AUDIT AND RISK MANAGEMENT SERVICE PROGRESS UPDATE

The Committee received the Audit and Risk Management Service Progress Update Report from Gemma Young, Head of Internal Audit and Risk Management which highlighted:

1. The results of the work that the Audit and Risk Management Service had undertaken and completed during the period 1 April 2021 to 31 January 2022 and the key themes and outcomes arising from this work.
2. The continued work of the Head of Internal Audit and Risk Management, in collaboration with the internal Assurance Board, to

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target limited audit resources at the highest priority Corporate and Schools' services.

Members raised the following concerns:

1. How long had the Council been given to improve with regards to the Department for Work and Pensions (DWP) Memorandum of Understanding (MoU) which was listed as a critical risk?
2. What were the legal implications to the Council and how this would affect vulnerable people?
3. Facilities Management of Youth Centres - Corporate Landlord Responsibilities had the Service Level Agreement (SLA) been completed at the end of February 2022?

Officers provided the following responses:

1. The Council had until the end of March 2022 and a report would be presented to the Assurance Board. Because access to DWP/Her Majesty's Revenue and Customs (HMRC) data had been granted without the conditions outlined in the MoU having been met the Council faced the risk of DWP revoking access to the DWP/HMRC data. If the DWP was to revoke access to the data, significant operational delays or the inability to deliver vital services to residents, particularly vulnerable residents, could result.
2. Annual General Data Protection Regulation (GDPR) training had not been completed by all staff with access to the DWP/HMRC data, a mandatory Council requirement.
3. The SLA had not been agreed by the end of February 2022. The Executive Director Place was pressing for the action to be implemented.

Officers undertook to provide an all-Member update on current status on the DWP Memorandum of Understanding; the completion of the mandatory GDPR training; and Contract Management of Meridian Water; Facilities Management of Youth Centres - Corporate Landlord Responsibilities - the SLA between Housing and Property by email.

AGREED

1. That the work completed by the Audit and Risk Management Service during the period 1 April 2021 to 31 January 2022 and the key themes and outcomes arising from this work and feedback received from the Committee on the contents of this report be noted.

(Action: Head of Internal Audit and Risk Management)

5. 2022/23 INTERNAL AUDIT CHARTER AND DRAFT 2022/23 INTERNAL AUDIT PLAN

The Committee received a report from Gemma Young, Head of Internal Audit and Risk Management which requested the General Purposes Committee to

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review, provide comment on, and approve the 2022/23 Internal Audit Charter and separate draft 2022/23 Internal Audit Plan.

NOTED

1. The annual Internal Audit Plan had to be presented to the General Purposes Committee for review and approval.
2. The Independent Person commented that he welcomed the Value Chain Analysis and asked how Officers determined the timing in relation to priorities and in view of the reduced audit for 2022/23, were additional audits not needed or was there a lack of resources? How did Officers decide on what was needed?
3. Officers reported a small budget cut and noted that all teams and services were facing challenging budgetary conditions. Audits are selected on a risk-basis, in addition, priority is given to audits which had been deferred from previous years. If there were insufficient resources available, then the audit would be moved to the next year and would be given priority one in the next audit year. Members were assured that generally all audits were completed and only for exceptional reasons were audits not carried out. The Head of Internal Audit and Risk Management is responsible for identifying the audits which were to be carried out and when.

AGREED

1. The Review of the 2022/23 Internal Audit Charter and the draft 2022/23 Internal Audit Plan and associated documents be approved and feedback on the contents be noted.

6. CORPORATE RISK REGISTER UPDATE

The Committee received a report from Gemma Young, Head of Internal Audit and Risk Management, which set out the latest Corporate Risk Register (CRR).

The Committee asked the following questions/comments:

Q: How did the Council mitigate against risk in view of the current global events and cyber security?

A: Officers advised that Digital Services kept global events under constant review. There was formal discussion with the Senior Management Teams, Corporate Risk Group and Executive Management Team to manage the possible impact of any identified risks and to take any necessary action.

Q: In relation to CR14 – Staffing, Members would welcome the opportunity to learn from staff leavers the reason for leaving and asked for the inclusion of this question when revisiting the Staff Pulse Survey.

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A: Why the Major Regeneration Scheme Audit had been moved down and how did this impact on the work.

A: Aware of the risk to the treasury an independent review had provided assurance that the reasons were compliant and appropriate capitalisation and the risks to the Council was understood. The Council had had its own independent checks carried out. This had been added as a risk rating.

A: Minimum Revenue Provision (MRP) was the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing (loans).

Q: Referring to C12 Supply Chain and Contract Management - Meridian Water - Supply Chain Risks, Lisa Blake, BDO LLP, commented that the audit plan did reflect the level of risk.

A: The Head of Internal Audit and Risk Management undertook to share the document with Lisa Blake of BDO LLP.

AGREED

1. That the Corporate Risk Register presented at Appendix A of the Officer's report be noted.

(Action: Head of Internal Audit and Risk Management)

7. 2022/23 RISK MANAGEMENT STRATEGY AND RISK OPERATING PLAN

Report of Gemma Young, Head of Internal Audit and Risk Management presented the revised Risk Management Strategy and 2022/23 Risk Operating Plan.

NOTED

1. Following previous comments from Members of the Committee, Officers proposed that Risk Management Strategy be reported to the Committee on a three-yearly basis.
2. Members, following further discussion, were of the view that the Committee receive confirmation annually that there were no changes to the Risk Management Strategy and that any changes be reported otherwise were to be legislative or statutory changes.

AGREED

1. The Risk Management Strategy and operating plan is reviewed by the General Purposes Committee every three years or if there were any major changes made. The Committee is to receive annual confirmation that no such changes had been made, in the years when the Strategy is not brought in full.

8. COUNTER FRAUD STRATEGY AND 2022/23 OPERATING PLAN

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The report of Gemma Young, Head of Internal Audit and Risk Management presented a Counter Fraud Strategy at Appendix A of the Officer's report and included the Council's Counter Fraud, Bribery and Corruption Policy Statement the Counter Fraud 2022/23 Operating Plan.

NOTED

As in previous years, the Committee would request the Chief Executive and the Leader of the Council to sign the Council's Counter Fraud, Bribery and Corruption Policy Statement to confirm the Council's zero tolerance stance against fraud, bribery, and corruption. The document would be publicised on the Council's webpages and via other media.

AGREED

1. That the Counter Fraud Strategy and associated Operating Plan be endorsed that feedback from the Committee be noted;
2. That the Counter Fraud Strategy will receive a major review every three years, at which time it will be brought to the Committee for approval; and
3. That the Counter Fraud Strategy, together with the Counter Fraud Operating Plan, will be approved by the Executive Management Team annually; and the Committee receive annual confirmation that no changes had been made in the years when the Strategy is not brought in full.

9. AUDIT PLAN 2020/21 ACCOUNTS

The Committee received the Audit Planning Reports for the Council and the London Borough of Enfield Pension Fund. The documents summarised the planned audit strategy for the year ended 31 March 2021.

NOTED

1. David Eagles, Partner, BDO LLP, the Council's External Auditor, provided a detailed update to Members on the 2019/20 audit which was nearing completion. The internal review had yet to be concluded before being referred for external review, which was expected to be 21 March 2022 or by 28 March 2022 at the latest.
2. David Eagles explained the reasons why the Council's audited accounts had not been signed-off. The main being reason was that a national issue had been identified which affected all Local Authorities in England. This related to infrastructure and private equity assets, which may not be appropriately valued as the valuations may not be based on observable market data. This was considered to be a significant risk as there could have been a material overstatement of the value of the Council's assets and it involved a higher degree of estimation uncertainty. The effect would be to devalue the assets.

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3. David Eagles gave the reasons why the changes had occurred at this time and that it had been raised at a national level with the National Audit Office. A paper had been considered at the Local Government Technical Network meeting held on 24 February 2022 at which the Chartered Institute of Public Finance and Accountancy (CIPFA) body had attended. However, more work was required as it would be necessary to change the account code to comply with legislation. All opinions on the 2019/20 accounts were on hold until this issue had been resolved. The next meeting was scheduled to take place on 10 March 2022, when it was hoped that this could be concluded.
4. In response to questions from Members, David Eagle reported that for 2018/19 between five to ten percent of Councils had not had their accounts signed-off and for 2019/20 it was fifty to sixty percent. This was not in step with best practice. BDO had consistently applied the current codes and was equitable.
5. All other matters would be in a position to be signed-off by the end of March 2022, but it was unlikely that the value of assets issue would have been resolved by then. It was anticipated that all would have been subject to the Engagement Quality Control Reviews by early April this year.
6. Lisa Blake, Partner, BDO LLP explained that some of the interim work had commenced on the audit of the 2021/22 accounts although there would be an impact due to the unresolved issue of 2019/20. This was because of the absence of the quality checks and the opening balances. There were limited options however and work was being progressed where possible.
7. David Eagles, in response to questions from Members, confirmed that the Pension Fund could not be signed-off at this stage.
8. The Executive Director Resources Department, Fay Hammond, reported that by 30 November 2021 45% of Local Authorities had had their audited accounts signed off for 2020/19 and 40% for 2020/21. The Executive Director explained that it was critical that the issue of the valuation of the infrastructure had been resolved. There were no other quality checks outstanding and the Council was not aware of any issues arising from the quality reviews. Mr Eagles had dealt with them. If the infrastructure issue had not been raised the accounts would have been signed off subject to the quality reviews.
9. Members expressed the view that, if necessary, a special meeting of the Committee be held once the 2019/20 audit was available to be signed off.
10. Sebastian Evans, Audit Manager, BDO LLP presented the report to the Pension Fund Committee on the Borough's Pension Fund.

AGREED

The Audit Plan Main Accounts 2020/21 and Audit Plan Pension Fund Accounts 2020/21 be noted.

10. GENERAL PURPOSES COMMITTEE WORK PROGRAMME 2021/22

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The Committee NOTED the Work Programme 2021/22.

11. DATES OF FUTURE MEETINGS

NOTED that the next meeting of the General Purposes Committee would be held in the new Municipal Year.

The meeting ended at 8.55 pm.