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## **GENERAL PURPOSES COMMITTEE**

**Thursday, 3rd March, 2022 at 7.00 pm in the Conference Room,  
Civic Centre, Silver Street, Enfield, EN1 3XA**

### **Membership:**

Councillor: Mahym Bedekova, Tim Leaver, Claire Stewart, Katherine Chibah (Associate Cabinet Member (Enfield West)), Lee David-Sanders (Deputy Leader of the Opposition), Joanne Laban (Leader of the Opposition and the Conservative Group), Edward Smith, Dino Lemonides, Ergin Erbil (Associate Cabinet Member (Non-geographical based)) and Peter Nwosu (Audit & Risk Management Committee Independent Person)

### **AGENDA – PART 1**

**1. WELCOME AND APOLOGIES**

**2. DECLARATIONS OF INTEREST**

Members of the committee are invited to identify any disclosable pecuniary, other pecuniary or non-pecuniary interests relevant to the items on the agenda.

**3. NOTES OF THE INFORMAL MEETING HELD ON THURSDAY 13 JANUARY 2022 (Pages 1 - 16)**

To receive and agree the notes of the informal General Purposes Committee meeting held on the 13 January 2022.

**4. AUDIT AND RISK MANAGEMENT SERVICE PROGRESS UPDATE (Pages 17 - 40)**

To receive the Audit and Risk Management Service Progress Update report.

**5. 2022/23 INTERNAL AUDIT CHARTER AND DRAFT 2022/23 INTERNAL AUDIT PLAN** (Pages 41 - 66)

The General Purposes Committee is requested to review, provide comment on, and approve:

- 2022/23 Internal Audit Charter
- 2022/23 Internal Audit Plan

**6. CORPORATE RISK REGISTER UPDATE** (Pages 67 - 88)

This report presents the latest Corporate Risk Register (CRR).

**7. 2022/23 RISK MANAGEMENT STRATEGY AND RISK OPERATING PLAN** (Pages 89 - 112)

This report presents the revised Risk Management Strategy and 2022/23 Risk Operating Plan.

**8. COUNTER FRAUD STRATEGY AND 2022/23 OPERATING PLAN** (Pages 113 - 158)

This Report provides an update on the final audit work required to receive the opinion on the 2019/20 Statement of Accounts.

**9. AUDIT PLAN 2020/21 ACCOUNTS** (Pages 159 - 236)

To receive a verbal update from BDO, the Council's External Auditor.

**10. GENERAL PURPOSES COMMITTEE WORK PROGRAMME 2021/22** (Pages 237 - 240)

**11. DATES OF FUTURE MEETINGS**

The next meeting of the General Purposes Committee will be held in the New Municipal Year.

**INFORMAL NOTES FROM GENERAL PURPOSES COMMITTEE****THURSDAY 13TH JANUARY 2022**

**Those present:** Cllr Mahym Bedekova, Cllr Ergin Erbil, Cllr Edward Smith, Cllr Joanne Laban, Cllr Lee David-Sanders, Cllr Claire Stewart,

**Apologies for lateness:** Cllr Katherine Chibah, Cllr Tim Leaver

**Officers:** Gemma Young, Jeremy Chambers, Fay Hammond, Melissa Williamson, Will Wraxall, Claire Johnson, Metin Halil,

The Chair (Cllr Bedekova) welcomed everyone to the meeting and explained that this was an informal meeting of the General Purposes Committee. This means that it is not a formal meeting of the authority and Councillors need to be aware that joining this meeting is not recorded as attendance for the purposes of Section 85 Local Government Act 1972.

The meeting will be managed as if it were an in-person formal meeting. Officers will present reports and answer questions from Panel members in the usual way. A Committee Services Officer is in attendance to take notes. The notes will be presented to the next formal meeting of the Panel for formal ratification as the Panel sees fit.

**1. Audit & Risk Management Services Progress Report**

Gemma Young, Head of Internal Audit and Risk Management Internal Audit - 26% of audits have been finalised compared to 29% finalised last year. The audit plan was agreed with GPC in March last year, 16 audits have been cancelled from the plan with 6 being added. The pulling of audits from the plan are done with good reasoning, for example, the audits are being monitored in other areas.

17 audits completed since the start of the financial year, 10 are grants, and the 7 remaining, 4 reasonable assurance audits and 3 limited assurance audits. The Council are required to prepare an annual internal audit opinion but as the reports are still being finalised for this quarter, the definitive opinion cannot be confirmed but it is currently looking like the overall audits are looking positive.

High implementation rate if of agreed audit actions now with a continuous positive trend over the last couple of years' audit trend, 74% completion rate and med risk actions 83%, good but some work to go, Annexe A of the report details shows outstanding actions.

Update on **PSAS** (Public Sector Audit Standards) compliance. Required to have an external review every five years and very important to comply with the standards as it underpins the quality of the work of the team and complies with the external standards. We have recently done a self-assessment and no major areas of non-

compliance and generally confirm to the required standards. An external review is expected in 3 years' time.

Counter Fraud Team are doing well this year and narrowly missed the Public Finance Award and the team continue to make big recoveries and detected and prevented savings of £1m so far this year and contributing to £1.7m national housing savings and sharp rise in Right to Buy cases.

The following comments and questions were received:

1a. Cllr Edward Smith asked for clarity with regards to Appendix B of the report in respect of overdue high-risk actions. In the past, the Head of Service used to give feedback as to why the recommendations have not been implemented. Several pages of overdue are high risk actions. How are these being monitored.

In response, Assurance Board runs a very robust process, attended by the CEX and Monitoring Officer. The Board insists upon written updates from audit. If there are matters of concern CEX will chair a meeting with the action owners and Gemma Young - again confident that these actions are taken seriously. Often outstanding issues are outside our control such as Broomfield House - outside the direct control of officers. There is confidence in this process and over the last couple of years an uptake in implementation rate has been seen.

2a. Cllr Joanne Laban asked how long the team have to improve the Community Infrastructure Levy (CIL) as there are large planning applications approved recently and produced large amounts of CIL and why was the Transformation Project for Audit cancelled. Lots of work going on in that area (website and digitally). It was noted that in the report the new MEQ system is going to be in place, is this yet to be decided - is this signed off yet? Update required please.

In response: the Transformation Project was taken out as this was superseded by some very small projects being undertaken relating to Covid, which the team referred to as crisis projects, but this is in the audit plan for this year. It is a large project to be looked at and this is the usual practice, if deferred from the previous year will be looked at the next year.

Regarding the CIL - Each of the recommendation made generally have different dates for each, not something the team are lenient on therefore short dates are applied, resulting in the actions now being overdue. An exact response to be emailed following the meeting. Agreed.

## **2. Corporate Risk Register**

Received an update report from Gemma Young on the Corporate Risk Register. Since the last report was received by the Board in October, 3 high level reviews have

been undertaken by the CEX Department in November and the People and Executive Management Team in December. Changes made then are quite small and highlighted in blue in Appendix A. No risks have been added or removed. Major incident risk changed for medium to high risk. Members are assured that since the high-level risks in December, reviews have been constant and discussed at gold and silver, with input from the planning service and colleagues in public health.

The following questions and comments were received:

2a. Cllr Edward Smith - can the following comments on the Corporate Risk Register to be clarified. In relation to CR07 - data management additional technology - the slowness in updating and replacing existing IT applications is of concern. Delays over Cintrix delayed for many years and this seems a vital application. Not clear why it has not been implemented and clarity is requested to say why IT applications need to be prioritised in a way that is clearer for members and officers.

In response, Gemma Young advised internally there is a board that oversees implementation and communications can be shared with digital services if this is helpful.

Additionally Fay Hammond advised - in terms of CIFICA, this housing programme is one of our priorities and is due to be delivered this year. In terms of a generic risk, it is good to reflect the assurance in our risk registers and can be amended if necessary, thus ensuring that our systems are safe, and if are due to be replaced and make sure they are appropriately packed and updated to be secure. Agenda item 16 update on Cyber and Technology Security refers and happy to update risk register to reflect this.

2b. Cllr Edward Smith - CR09 in relation to health and safety. Major fire in the car park. This should feature in the corporate risk register.

In response, this is covered under CR08 Major Incidents. Look again at CR09 to see if fire can also be included in that too.

2c. Cllr Joanne Laban - health and safety alert was showing red and now on amber. How can this be amber following the fire and the length taken to rectify the situation. How often does the health & safety risk re-evaluated?

In response, Gemma Young advised that the risks are looked at on a monthly basis at the highest level at DMT, and three monthly at EMT. Feedback can be circulated if required. If the unmitigated risk remains as red - it would show that we have done nothing to rectify and there is a lot of work undertaken in respect of health and safety and the amount of mitigation in place, this has moved the risk to amber.

### 3. Counter Fraud Policies:

Received the following Counter Fraud policy documents for approval by the Committee, confirming that all policies support the council's zero tolerance approach to fraud:

a. Counter Fraud Sanctioned Prosecution Policy:

This new policy was brought before the committee for the first-time last year and sets out the random options available to us, such as housing fraud, employee misconduct etc. Fines, disciplinary action and in more serious cases imposing criminal prosecution. This is a fair policy and clearly shows sanctions and how they can be applied for transparency.

b. Whistleblowing Policy and Procedures, including model whistleblowing policy and procedures for main schools, PRU's and Academies and others:

Council committed to the highest possible standards, applies to all employees, Councillors and contractors, allowing people to blow the whistle to Gemma directly and have the option to go via their Team Leader first if they wish. The report clearly explains protection available to the whistle blowers and the procedures involved in taking action. We had 6 in 2021, compared to the average of 7 when compared to other boroughs. The policy was last approved in March 2021, with no major legislative change seen. The policy is updated annually to make sure that any staff changes are up to date.

c. Anti- Money Laundering Policy and Guidance

This policy is not required as the Council is not a regulated body or financial institution, but it is deemed best practice to have one. There are certain points contained therein that are relevant to where money laundering can occur such as the Right to Buy Scheme. There have been no significant changes to the policy and therefore no updates have been required.

The following comments questions were received

3a. Cllr Laban asked how whistleblowing received from LEA schools are dealt with (as Academies deal with their own).

In response, the policy has an option model policy for schools. Initially the issue is raised with the line manager first and often involves minor issues. If the person does not feel comfortable, they can escalate the issue to the head teacher or the governors. The Council will only get involved when all the initial avenues have been exhausted and confidence is lost.

3b. Cllr Smith was concerned that the report policies have not changed since they were looked at in detail 12 months ago. Number of cases of fraud, whistleblowing and money laundering that the council have encountered is required and what action was taken to sanction the individuals concerned.

In response, Gemma advised that these details were not put into the policy but indeed captured in the annual report which are completed in June every year. Gemma to send Cllr Smith a link which will provide all the information requested. An updated report is expected in June 2022. **Action: Gemma to send link to Cllr Smith**

3c. Cllr Laban highlighted the issue of the campaign for cash be given to help with food during the first wave of the pandemic via the Just Giving page. The money raised went into staff members bank account before it went into the councils' own accounts. This was not ideal as it could be interpreted as cleaning the money and this is not what happened. Future campaigns need to make sure that when money is received, it goes directly into the Council's bank account. How can this issue be resolved going forward in order to avoid the Council's reputation being at risk.

In response, Gemma Young advised that this was a unique situation and not anticipated to happen again. Unfortunately, "Just Giving" would not authorise the payment going to the Councils bank account and insisted on paying this into a personal account otherwise money would go back to the donors. These were charitable donations and not to be looked at as cleaning the proceeds of a crime. An investigation was taken and a management letter with recommendations completed. Monitoring takes place regularly but agree that this situation was not ideal and will not happen again.

#### **4. Elections Review:**

Received a report from Lee-Marie Grant, Head of Electoral Services, and presented by Jeremy Chambers, Director of Law & Governance in her absence. The following points were highlighted:

The Council are holding an "all out" election on all its 63 seats in May 2022 and this is based on the new ward boundaries which were passed through Parliament a year ago and is known as a "Polling District and Polling Places" review - meaning where the new polling stations are. The report includes progress that has been made. It should be noted that a huge amount of detailed work has been undertaken in preparation for "all out" local elections by the team including the Polling District and Polling Places review.

The report includes how the planning was put together and the activities of the Returning Officer and the Electoral Registration Office and the process the Council followed in terms of its management of the election. Planning for an election to take place starts with project meetings early and run for a long time, the frequency of which increases as the election dates come nearer, including key members of staff,



such as the CEX, digital services, communications etc. To set procedures in place to avoid any major risks to the reputation of the authority if anything goes wrong.

The entire project is run in accordance with the Electoral Commission's Guidance, called "The Planning for An Election" and can be found on the Electoral Commission website if anyone wants to look at this. Skilled staff many elections taken place recently over the last 4 years and assurance we are in a good place. Planning going well. No concerns that are necessary to flag up at this point. The only other thing to highlight is number of postal voters we now have. And this has been encouraged. helps in terms of management of the election and now have increased numbers, pattern seen in London and across the whole of the country.

The following comments and questions were received:

4a. Cllr Edward smith expressed concern regarding notifying electors of changes in the ward boundaries and providing explanations regarding three and two person wards, as well as changes in polling stations. Getting the message across may be difficult and writing to all electors may not be enough. Has the Council's communications team, social media and local papers been briefed to help spread the word?

In response, there is a drive to let people know, poll cards and a separate work stream with communications now until the election. All electors will be written to and more work will be done nearer to raise awareness and encourage the public to go out and vote and avoid added confusion on the day of the election.

4b. Cllr Mahym Bedecova asked if correspondence and awareness was to be made available in different languages.

In response, yes, the Council's website and communications are being made available in many of the primary languages. Jeremy to speak with Lee to circulate clear instructions in this respect. **Action Lee Marie.**

4c. Cllr Joanne Laban asked for clarification on the sufficient staff to cover the election with covid still looming.

In response, Jeremy advised that when the GLA elections took place, the usual number of staff were available, together with a significantly large number of reserve staff just in case (more than double). This was a necessary step to mitigate the risk. Similar arrangements in May are in place and national position is monitored and discussed with the Returning Office and Head of Elections. Enfield takes a cautious approach to staffing levels.

4d. Cllr Laban asked if residents who are no longer members of the EU have issues voting, will the polling staff be up to date with the legislation and information sharing in order to capture as many votes as possible?

In response to the Right To Vote legislation, the staff are well aware of the status issues which many residents now face and the electoral register has been updated to include prefixes which guide the electoral staff prefixes, which are familiar with these and are well known by election staff and electoral commission also offer extensive guidance.



4e. Cllr Laban asked if the polling stations no longer being used will be signposted so that regulars know where to go to vote.

In response, yes, this will be undertaken but Lee-Marie to confirm by email. **Action: Lee-Marie Grant.**

## **5. Complaints and Information Annual Report:**

Received a report from Karen Wright, Complaints & Information Manager and presented by Will Wraxall, Shareholder & Commercial Partnerships Manager in her absence. The following points were highlighted:

Of the total number of complaints received, less first stage complaints were seen because between 2019-20 & 2020-2021 council changed from a stage 3 practice to a stage 2 practice complaints process as recommended as best practice by the local government and housing ombudsman. Completion rate of 80% of first stage responses on time and 68.6% of the final stage responses, an improvement from last year which was 55% where less complaints were received, so an added improvement this year.

Complaints referred to ombudsman and housing ombudsman - all the terminations from that year yet have still not been received. Out of the 4 investigations, 2 upheld, 1 not upheld and 1 outcome waited. Actions and learning in the complaints process have been identified and there are many actions to undertake such as apologies or financial compensation where standards were not met standards, development of processes and revision of template on the website, allowing easier navigation of the process for people and improvement on information available. Also, adjustments to service delivery and bills have been identified to further improve the system.

In relation to capturing corporate themes, these are reported internally through management teams, and there is a project underway at the moment, (paragraph 25 of the report) to change the current system of how complaints are managed to a system called **Beron**. Allowing us to undertake more comprehensive information for learning and actions.

Assuring progression of complaints as required, there are reminders complaints team send out with a clear escalation process and regular open complaint ports are circulated to Directors.

MEQ/FOI/Subject Access Reports – roughly same number seen as in 2019-2020. Response times improved and team continue to work and improve those in the coming year.

List of development improvement actions – key one is the **Beron** system which will overhaul the data analysis completed on complaints, allowing more information to be provided on areas with regular complaints, improving corporate learning for each team.

154 compliments in the year the bulk in Place and people reflecting on those areas having the most customer facing services in the Council.

The following comments and questions were received:

5a. Cllr Edward Smith - in respect of MEQ's - 1 in 5 are not being replied to within the 8 days. Delays by service areas perhaps cause the delay. Are there any trends to lack of responsiveness to service areas?

In response, Fay Hammond advised the report identified that some questions took longer, where some of them involved case work with particular individuals with resolutions taking longer. More analytical data in future is to be provided which will show more individual cases can be more problematic.

5b. Cllr Joanne Laban - advised most of her MEQs do not come back on time although high in volume. Residents are now advised that responses take longer. Going forward, why is there a delay and the quality of the responses also need attention as they are often sent back for reconsideration. What work is being done. What happens if a team area is consistently not responding towards the SLA's.

In response, Fay Hammond advised that this area does require improvement and a review of the process as a Council in this particular area is being undertaken. An improvement will be seen in this quarter as planned interventions will take place. All overdue responses are chased at officer and team leader level and are monitored regularly.

5c. Cllr Ergin Erbil advised that he does receive responses to his high volumes of MEQ numbers within 8 working days as guidance suggests. The overdue cases are often problematic with a unique issue to that particular resident. MEQ over the years have got getter and have been sent without delay. In terms of MEQ's, do officers have a breakdown of which cases are received, ie, percentage for transport, housing, antisocial behaviour and can this be shared regularly.

In response, Fay Hammond advised that all the information is available but is not readily collated in a way that is analytical at the moment. Analytics can be input into the annual report for this year for 2021-22 and agreed that this would be helpful and committed to providing this for the annual report 2021-22.

5d. Cllr Lee David Sanders - SAR and FOI - is there any visibility on the data of how long it takes for those not responded to on time. How many days after the SLA or longer? Are there numbers of FOI not answered as subject range is too broad and not appropriate to answer? Section 21, we have now got figures on FOI escalation, is that going onto the report moving forward as it is helpful to see those complaints also?

Have we had any complaints going to the financial commissioner due to lack of response time or where we have refused a response?

In response, Fay Hammond advised data on days over for the SAR's is not immediately available and can be shared and will ensure that it is in next years' Annual report and report back to the committee. Report information is from the previous financial year and feedback given is helpful and comments can be incorporated for the current financial years' annual complaints and FOI/SARS reports. **Action Fay Hammond**

Few complaints have been referred to the ICO for the length of time it has taken, less than 5 in fact. Referrals to the ICO, usually because an exemption has been applied or said we do not hold any information rather than the length of time it has taken.

#### **6. CIPFA review of GPC report (including the implications of the MHCLG new local audit framework technical consultation outcomes):**

Report received from Melissa Williamson (Transformation Finance Manager) and provided an overview of the recommendations from the recent independent review of the GPC via CIPFA and the full draft report is also included in the pack. Representative from CIPFA sent his apologies this evening.

The following information was highlighted:

CIPFA found the operation of the GPC works well and complies with the requirements. Appendix C of the CIPFA report provides more details of the individual assessment against the good practice assessment areas. Key findings are outlined in section 3 of the CIPFA report with several recommended actions. Officers have considered these recommendations and outlined in Appendix A of the cover report. Each of the recommendations and responses were discussed as outlined in the report.

The following comments and questions were received:

6a. Cllr Edward Smith commented on recommendation 4 and the length of reports. Most members may not have the time to go through the lengthy reports. A protocol of how these reports are put together needs to be agreed by the CEX and it seems there are many obvious points to go into the protocol. Interested in exception reporting, if there are no change, no good reason to include them. Decision making reports should be the only ones of interest. This request needs to be put forward and a firm acknowledgement that officers will not be at risk if certain points may be missed from reports, hence the lengthy reports. CEX to take this on board and agree a protocol and officers will not be criticised for omissions.

In response, Fay Hammond advised that although there are a lot of papers for the members to read and this request will be taken back to EMT. Difficult to get a balance between what needs agreeing and transparency when providing information. This point will be taken formally to EMT. Thank you for this feedback. And be input into the GPC action plan for future committees so that we can still meet our statutory obligations. **Action: Fay Hammond**

6b. Cllr Laban -the scope of the GPC was questioned since it changed from Audit and Risk Management and whether the merger is a good way to conduct audit work.

In response, Fay Hammond advised that some councils have a dedicated audit and risk and Enfield has audit and risk committee and general purposes together. From the CIPFA review, the representative from CIPFA can respond separately to this but has not to date raised any issues. Post May 2022 this can be reviewed again and opportunity to look at this again. This report provides an independent review of the GPC as it is operating now and can influence things in the future potentially. The overall theme of the report is a well-run GPC which shows compliancy.

## **7. Members Induction and Development Session:**

Received report from Claire Johnson, (Head of Governance & Scrutiny (Superintendent Registrars). Members are asked to agree the member induction and member development programme which will support newly elected and reflected councillors in their roles for 2022-23. As this is an informal meeting, if agreed this will need to be ratified at a formal meeting of the committee. Appendix A page 193 shows proposed development programme for members, details plan for member induction and the support that will be provided immediately following election and highlights the training required following the AGM for certain committees and the development programme available throughout the year. There is a catalogue of E-learning courses start on page 16 of the appendix on these are available any time on-line on the I-learn system. Listed on-line courses available at the GLA. Paragraph 6 of the report lists key dates for the induction.

Induction includes a buddy scheme 8 weeks following election, with a senior officer as first point of contact, signposting on services and council related matters. Following the AGM and committees have been allocated, requirements for statutory training such as planning, licensing, pensions and GPC will be programmed in 2/3 weeks following the AGM in preparation.

Member Development programme (page 11 & 12 of appendix) is based on training previously provided to members which they found useful and some additional courses. Key principal on training is that it is offered digitally by default as this was found more useful in the past and attendance was higher.

The following comments and questions were received:

7a. Cllr Joanne Laban - with regard to the training schedule it is very important that members have the scrutiny training even if they are not a member of the Overview and Scrutiny Committee - to gain a good to understand what the scrutiny function is and to make sure that is more comprehensive than previously. Cabinet Members and backbenchers should also be included.

In response, Claire confirmed that this can be opened for all members.

The comments were noted, and agreement will be confirmed at the next meeting.

### **8. Update on Statement of Accounts:**

Received an update report on the progress of the statement of accounts by Matt Bowmer (Interim Director of Finance) in terms of end of 2019-2020, and 2021-22.

2019-2020 - the audit manager nearly completed the review and is in the hands of the audit partner (David Eagles).

2020-2021 accounts - the audit cannot progress until previous year is signed off. BDO have completed some systems work and the internal team met with the new Audit Manager on 20-21 Accounts Sebastian Evans and discussed audit plans for the 20-21 accounts - likely that this work will take place either side of the work they do with the statutory health audit in March/April time and the core part of the audit will conclude late June/July.

2021-2022 accounts - team are focussed on closing down these and a draft close down timetable circulated across all Heads of Service to be taken to EMT in next couple of weeks.

David Eagles commented on how serious this review process is for getting this work right. FRC issued a fine of £250K for a failing for the 2018/19 audit for one of their councils, specifically relating to property valuation matters and refurbishment costs for housing. This is one of our own key areas to look at this year. There is real regulated pressures and time needed to get this right to deliver the right quality audit.

The following comments and questions were received:

8a. Cllr Edward Smith - From the report received, as far as the 2019-20 concerned there seems to be two outstanding issues to be explained. First, IWE pension liability, an error of £9.4m and difference of opinion between BDO and the council over how this should be treated. The other is the Councils dwellings valuation which refers to 9 beacons from a sample of 134 (is this referring to properties?) and this is to be reported as an unadjusted error and how significant is this? How close is the 2019/2020 accounts to be agreed?

In response, David Eagles advised that it is normal procedure when identifying errors, adjustment is needed whether they are material or sufficient size to be

adjusted, or whether not sufficiently large (above a certain level) they do not have to be adjusted to get the opinion to be clean.

Council dwellings - huge numbers of beacons valued this year compared to previous years where lower numbers were criticised. Some issues from this process are not surprising but part of the getting to the cleaned out tidy position going forward. Overall not a huge item, just tidying up.

Beacon properties explained - Council have 10,000 HRA dwellings and historically only valuing 24 of them per year to establish the overall movement in value. A massive exercise has been undertaken as part of the 19-20 accounts to break down these assets into like types, diverse estate, different postal codes and houses etc. 2,900 archetypes of properties have been grouped together into beacons, grouped to 400 beacons, forming the basis of our valuation of the whole estate. For 2019-20 a property in each beacon has been visited to establish the valuation. 134 of those beacons were looked at, 9 of which the Council have not been satisfied with the extrapolations undertaken by Stratton Park and a variation has been seen on the valuations at the back of that. This is the basis of the beacons work undertaken.

Pensions - yes - a difference of opinion. Council view is for the scheme, defined benefit scheme, pension scheme determined what is paid out at the end not paid in. for the Council it is set up as a defined benefit scheme (the full liability payable to pensioners as it is accrued should be reflected in the accounts. What we now have is that the subsidiary has not accounted for the account's liability and the council should be in the subsidiary and not in the Council accounts. Grouped together it is fine but separately it is wrong but not enough value to warrant an amendment.

The council is not adjusting the accounts and will appear on the ISA260 as unadjusted errors and they are not material in nature, albeit the £9.4m significant sum, it does appear in the council's consolidated accounts.

8b. Cllr Bedekova, as the Council does not have any outstanding actions for statement of account 2019-20 when will these be signed off?

In response, aiming for 3rd March GPC meeting to approve the accounts.

## **9. Draft 2022/23 Ten Year Treasury Strategy - Council and Borrowing**

Received a report on the Treasury Management Strategy Statement for 2022/23. The Committee were asked to review the proposed strategy for 22/23 to 31/32 and the Annual Investment Strategy (AIS) for the year ended 31<sup>st</sup> March 2023, together with supporting information.

The following comments and questions were received:



9a. Cllr Edward Smith observed that the reports provided was clear and informative. The problem is the level of interest and the minimum revenue provision that is set out in 22/23, £29m. If the current plans followed for the capital programme will rise to £40m for 2031-32. The Conservatives are unhappy about the level of the cost of this borrowing.

In response Fay Hammond thanked Cllr Smith. The level of interest on general reserve fund itself is in the region of £8.2m. The interest in relation to the borrowing for the HRA, is supported with the rental income which is in excess of £60m per year. Other borrowings such as Meridian Water, the long-term business plan shows that eventually this will pay for itself as a scheme. There is assurance that it remains affordable from a council point of view.

9b. Cllr Tim Leaver - what we are investing in should be highlighted. With regard to paragraph 41 table 2 please confirm that the investment made in Meridian Water and Joyce and Snells, is actually going to be adequately financed and there are no issues to access funding during the period to 2030-31.

In response Fay Hammond advised in terms of the borrowing it is all reflected on the MFPlan and we are comfortable that this is affordable. This is reviewed on an annual basis and we have a 10-year treasury strategy and are serious about our long-term borrowing position.

Access to funding is not an issue, we have access to the PWLB and we are regenerating in Enfield and we can access funding from the PWLB which currently is the cheapest and most accessible means of funding for the council at the moment and we are able to access this. In future, if resources are needed it is important to note that we have a £2m borrowing cap and Enfield are in fact leading the way on this initiative. Managing risk is monitored and a report to the committee on the sensitively of our borrowing and interest rates has been provided to the committee. There is therefore no issue with accessing funding and level of borrowing and risk is managed.

9c. Cllr Joanne Laban asked in terms of access to funding, there are clear challenges. A lot of our borrowing for Joyce and Snells is reliant on social housing funding.

In response, Fay Hammond advised that there are challenges in getting grant funding for our programmes, which is the source of funding we have from the GLA to support our affordable housing, included in our HRA business plan. It is recognised that this is a factor in delivering our capital programme. The grants are important to us to deliver those investments.

10. Update on Financial Resilience/Managing the Savings



Received a report from Melissa Williamson on the draft financial resilience update, and the committee are asked to note the report. Work is taking place to manage the challenges ahead as highlighted in the report.

No further comments or questions were received.

#### 11. Contract Extension Report:

Received a report from Claire Reilly Head of Procurement Resources & People providing an update on Contract Extensions and Frameworks, as requested by the committee on the 22nd April 2021.

The following comments and questions were received:

11a. Cllr Edward Smith asked a question in respect of contract extensions. What are the reasons for extensions to contracts? What are the governance arrangements for justified extensions?

In response, Claire Reilly advised that some questions received from the previous committee have enabled them to investigate a lot of issues earlier. 1st March going live, the procurement process is going live on 1st March and awareness is raised on the forward plan and contracts that are coming up for renewal and raising awareness to services earlier in the sourcing cycle and review of contracts so that procurement can be arranged before contracts cease for continuity.

11b. Cllr Leaver - as contracts come up for renewal, do we have a policy for assessing whether these can be delivered in house?

In response, as contracts come up on the forward plan, if above the threshold, a procurement resource is allocated. "Make or Buy" decisions are looked at with the business case, comes to procurement board to allow discussions. Commercial team can look at properly costing out what an insourced solution would look like.

#### 12. External Audit Contracting Arrangements Review:

Received a report from Fay Hammond setting out the proposals for appointing the external auditor to the Council/Authority for the accounts for the five-year period from 2023/24. The report recommends that the Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government for five financial years from 1st April 2023.

The sector-wide procurement conducted by PSAA is expected to produce better outcomes and will be less burdensome for the council Authority than a procurement undertaken locally, seconded by the LGA. The decision will go to full council by 11th March because of then amount of lead in time for the PSA to go out for tender.

The following comments and questions were received:

12a. Cllr Bedekova asked if contact other local authorities on other appointments and how have they chosen their external auditors.

In response, Fay Hammond advised that there is a significant number of networks who liaise with each other and every Section 151 Officer in London meet regularly to discuss certain issues. Across London, our Enfield experiences are echoed more widely and there are challenges in the current audit market, the PSAA route is the best route to go down and most London council's will be using them.

12b. Cllr Leaver asked is this an appropriate to discuss this at Part 2.

David is from BDO are aware that this information is in the public domain. All decisions are independently made from the Council and have no influence any decisions made by the PSAA.

12c. Cllr Edward Smith - concern is that these arrangements follow a corporate way of choosing auditors - has this led to stretching resources across the country with problems with signing off accounts. Is this connected with the way the auditors are procured or is this not the case. Is there a possibility of us going alone, and is the current arrangements problematic and not clear to all of us? Are there limited number of first considered in this area of work?

In response, Fay advised that in terms of the challenges, some of them are regulatory audit problems with wider workloads, and the second is the challenges that those agencies have had in resourcing and not to do with the procurement arrangements but a sector wide issue with audits. Through the pandemic, some firms got more staff from abroad as an example. This is a wider market issue not a contract issue. PSAA could have identified problems earlier and from a managing procurement and understand the market more, the environment has changed since the original PSAA contract was first initiated.

PSAA are doing as much as they can to encourage and support the market to apply for the new contracting arrangements and support the wider market but are a small number of accountancy bodies that have this market currently.

## **PART TWO ITEMS - CONTAINING EXEMPT INFORMATION**

### **13. MERIDIAN WATER RISK REGISTER UPDATE**

Peter George, Programme Director for Meridian Water, presented the Meridian Water Risk Register update. Following detailed discussion on the Risk Register the report was NOTED.

### **14. Cyber & Technology Security:**

The Committee received a joint report from Kieran Murphy, Director Digital Data & Technology and Martin Sanders, Head of Service Management and Governance. Following detailed discussion on the Risk Register the report was NOTED.

## London Borough of Enfield

## General Purposes Committee

3 March 2022

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<b>Subject:</b>	<b>Audit and Risk Management Service Progress Update</b>
<b>Cabinet Member:</b>	<b>Cllr Mary Maguire, Cabinet Member for Finance and Property</b>
<b>Executive Director:</b>	<b>Fay Hammond, Executive Director Resources</b>
<b>Key Decision:</b>	<b>N/A</b>

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**Purpose of Report**

1. The Audit and Risk Management Service Progress Update Report (**Annex A**) summarises:
  - the results of the work that the Audit and Risk Management Service has undertaken during the period 1 April 2021 to 31 January 2022
  - the continued work of the Head of Internal Audit and Risk Management, in collaboration with the internal Assurance Board, to target limited audit resources at the highest priority Corporate and Schools' services
2. Progress has been made in delivering the 2021/22 Internal Audit plan, with 91% of the 67 planned reviews having commenced. Of these, 39% have been finalised. This compares to 94% commencement of 49 planned reviews and 23% completion for the same period in 2021.
3. Since the audit plan was agreed by the General Purposes Committee in March 2021, 18 audits have been cancelled and eight further audits have been added to the plan.
4. 26 audits have been completed since the start of the year. 13 were grant certifications or management letters and therefore an assurance opinion was not given. Of the 13 remaining audits, seven were given *Reasonable* assurance, five *Limited* assurance and one *No* assurance
5. The Public Sector Internal Audit Standards (PSIAS) require the Chief Audit Executive (who at the London Borough of Enfield is the Head of Internal Audit and Risk Management) to deliver an annual internal audit opinion.
6. Whilst we continue to make progress in delivering the audit plan, we do not yet have sufficient audits completed on which to base the annual internal audit opinion. However, this is being reported to, and monitored by, the Assurance Board and we will continue to update the Committee.

7. With the support of the Assurance Board, a high implementation rate of agreed audit actions continues. As at 31 January 2022, the implementation rate for high risk actions (on a 12- month rolling basis) is 77% and for medium risk actions is 82%. A summary of overdue high risk and medium risk audit actions at 31 January 2022 is also presented in **Annex A**.

### **Proposal**

8. The General Purposes Committee is requested to:
  - note 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
  - provide feedback on the contents of this report

### **Reason for Proposal**

9. In line with the Council's Internal Audit Charter which is based on the requirements of the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit and Risk Management has a responsibility to regularly update the General Purposes Committee on the work of the Audit and Risk Management Service through periodic and annual reports.

### **Relevance to the Council's Plan**

#### **Good Homes in Well-Connected Neighbourhoods**

10. An effective Audit and Risk Management Service helps to provide assurance over any risks that might adversely affect the delivery of good homes in well-connected neighbourhoods.

#### **Safe, Healthy and Confident Communities**

11. An effective Audit and Risk Management Service is an essential management tool which will help the Council achieve its objectives to sustain safe, healthy and confident communities.

#### **An Economy that Works for Everyone**

12. An effective Audit and Risk Management Service will help the Council achieve its objectives in building a local economy that works for everyone.

### **Background**

13. In line with the Council's Internal Audit Charter which is based on the requirements of the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit and Risk Management has a responsibility to regularly update the General Purposes Committee on the work of the Audit and Risk Management Service through periodic and annual reports.

14. These reports should include details of audit activities with significant findings along with any relevant recommendations. Periodic information on the status of the annual audit plan should also be included.
15. The Internal Audit Plan for 2021/22 was submitted to and agreed by the General Purposes Committee on 4 March 2021.
16. This report summarises the work completed by the Audit and Risk Management Service between 1 April 2021 and 31 January 2022.

### **Main Considerations for the Council**

17. Any large complex organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate risks it may face.
18. The Audit and Risk Management Service supports management in the identification and mitigation of risks as part of its work.

### **Safeguarding Implications**

19. There are no safeguarding implications arising directly from this update from the Audit and Risk Management Service.

### **Public Health Implications**

20. Whilst the risk registers are produced to identify risks to Public Health (among other issues) and enable preventative action to be undertaken, there are no Public Health implications arising directly from this update from the Audit and Risk Management Service.

### **Equalities Impact of the Proposal**

21. Following the completion of the Corporate Equalities Impact Assessment initial screening, this report does not have an Equalities impact.

### **Environmental and Climate Change Considerations**

22. There are no environmental and Climate Change considerations arising directly from this update from the Audit and Risk Management Service. However, an advisory audit on Climate Change was completed as part of the 2020/21 Audit Plan, which recognises the risk posed and the priority that climate action is now being given within the Council.

### **Risks that may arise if the proposed decision and related work is not taken**

23. Any large complex organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate risks it may face.
24. The Audit and Risk Management Service supports management in the identification and mitigation of risks as part of its work and therefore, if this work is not carried out, reviewed, and followed up, the Council faces the risk of legal, financial, and reputational loss.

## **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

25. The risk of financial and reputational losses may still arise but following this proposal will ensure management is fully appraised of the risk and that cover is in place for potentially significant losses.

## **Financial Implications**

26. Section 151 of the Local Government Act 1972 requires that every local authority in England and Wales should “make arrangements for the proper administration of their financial affairs”. The Chief Finance Officer (Section 151 Officer) in a local authority must lead the promotion and delivery, by the whole authority, of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively. The role of the Section 151 includes ensuring that the systems and processes for financial administration, financial control and protection of the authority’s resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice. The Accounts and Audit (England) Regulations 2015 requires that a ‘relevant body shall maintain an adequate and effective system of internal audit of its accounting records and its system of internal control’.
27. The role of audit supports this by undertaking a review of the controls in place, the Internal Audit plan sets out in partnership to achieve this by:
28. Ensuring that the authority puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes.
29. Ensuring that these controls are an integral part of the authority’s underlying framework of corporate governance and that they are reflected in its local code.
30. In this context, the Internal Audit plan is developed in partnership with the wider organisation, seeking to focus on areas of the greatest risk in order to ensure that the appropriate controls are in place and where controls are found to be inadequate plans to address these are implemented.

## **Legal Implications**

31. The Council’s chief finance officer (the ‘Section 151 officer’ – section 151 Local Government Act 1972) has statutory status and is responsible for financial administration. The chief finance officer is also under a statutory duty to issue a formal report if s/he believes that the Council is unable to set or maintain a balanced budget (the ‘section 114 report’ (section 114 Local Government Finance Act 1988)).
32. The Accounts and Audit Regulations 2015 (the ‘2015 Regulations’) places an obligation on local authorities to maintain a system of internal audit whereby it:
  - (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;



(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk.

33. The internal audit service must be effective in order to evaluate the effectiveness of its risk management, control, and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

34. Each financial year the council must conduct a review of the effectiveness of the system of internal control required by regulation and prepare an Annual Governance Statement.

35. This report addresses the statutory obligations for local audit processes in compliance with the 2015 Regulations.

### **Workforce Implications**

36. There are no workforce implications arising directly from this update from the Audit and Risk Management Service.

### **Property Implications**

37. There are no property implications intrinsic to the proposals in this report.

### **Other Implications**

38. N/A

### **Options Considered**

39. Given the requirements of the Public Sector Internal Audit Standards, no other options were considered in terms of Internal Audit reporting.

40. Options considered in relation to Professional Indemnity cover were:

- Council pays additional premiums on behalf of suppliers
- Council does not award contracts to suppliers who do not have the required level of cover in place

### **Conclusions**

41. The General Purposes Committee is requested to:

- note the work completed by the Audit and Risk Management Service during the period 1 April 2021 to 31 January and the key themes and outcomes arising from this work
- provide feedback on the contents of this report

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Date of report: 21 February 2022

## **Appendices**

**Annex A:** Audit and Risk Management Service Progress Update

## **Background Papers**

None

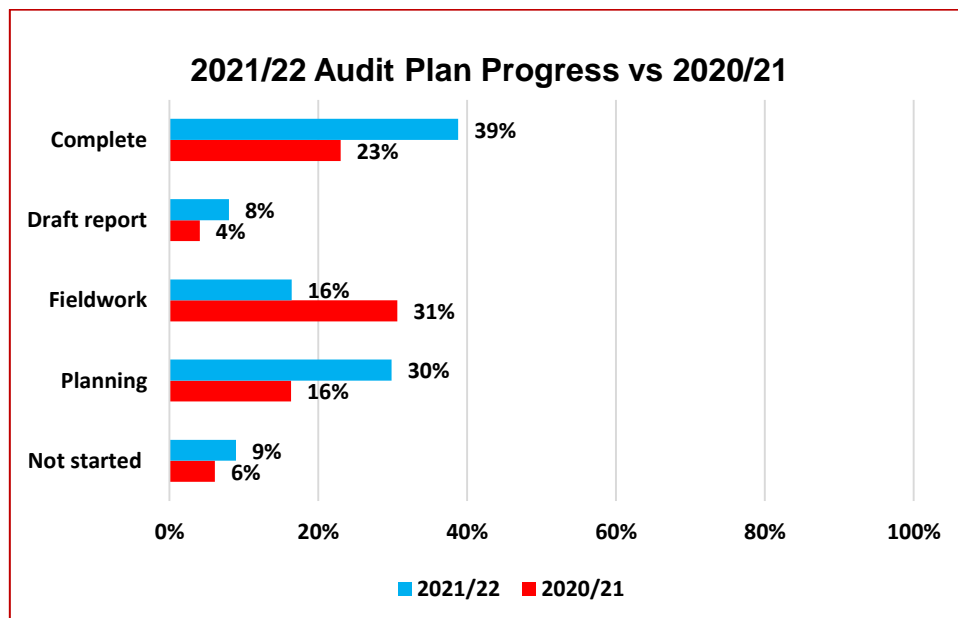


## Audit and Risk Management Service Progress Update 31 January 2022

### Internal Audit

During the period 1 April 2020 to 31 January 2022, the Internal Audit team has commenced 61 assignments (91% of the current plan) of which 26 (39%) have been completed. For the same period in 2021, 46 audits (94%) had commenced and 21 (23%) had been completed.

The following chart summarises the 2021/22 progress compared to 2020/21:



### Changes to the 2021/22 Internal Audit Plan

Since the internal audit plan was approved by the General Purposes Committee in March 2021, 18 audits have been cancelled and eight audits have been added.

The cancelled audits are:

Department	Audit	Reason for Cancellation
Chief Executives	Culture	Agreed with Head of Employee Experience to defer as the scope of the audit would be duplicative in view of the Investors in People work being undertaken. Included in draft 2022/23 audit plan
Chief Executives	Members' Ethics	Due to Monitoring Officer change and local elections in May 2022 this audit is deferred to 2022/23
People	Adoption	Agreed with Executive Director, People that an internal audit of regionalised adoption was no longer required
People	Supporting Families – July	July testing cancelled at client request and was included in August testing
People	Supporting Families – October	October testing cancelled at client request and was included in December testing
People	Supporting Families – November	November testing cancelled at client request and included in December testing
Place	Planning	Agreed with Assurance Board to defer to 2022/23 plan, given two other planning audits are taking place this year
Place	Housing Repairs and Maintenance	Agreed with Director of Housing and Regeneration to defer to 2022/23 due to continuing implementation of new Civica system
Place	Meridian Water – Supply Chain Risks	Agreed with Programme Director to defer to 2022/23
Resources	Transformation Projects	Agreed with Executive Director, Resources. Included in draft 2022/23 plan
Resources	Procurement Social Value	Agreed with Executive Director, Resources, given on going work in this area and restructuring of the team to defer to 2022/23
Resources	Web content Accessibility Guidelines 2.1 (WCAG 2.1)	Agreed with Head of Service to defer to Q1 2022/23
LATC	Customer Services	Agreed with Energetik that new process improvements were being embedded. Will be reconsidered during 2022/23
Cross Cutting	Test and Trace Grant	Advised by Finance that submission of the grant certification is not required until June 2022, therefore deferred to the 2022/23 plan
Cross Cutting	Contain Outbreak Management Fund	Advised by Finance that submission of the grant certification is not required until June 2022, therefore deferred to the 2022/23 plan
Cross Cutting	S31 Community Testing Grant	Advised by Finance no Internal Audit work is required
Cross Cutting	Lessons Learnt from the Pandemic	As a priority 3 audit, agreed with Head of Audit and Risk Management that this audit is no longer required

Department	Audit	Reason for Cancellation
Cross Cutting	Green Homes Grant	Advised that grant certification not required until April 2022, therefore deferred to the 2022/23 plan.

The additional audits added to the 2020/21 internal audit plan are:

Corporate Risk Reference	Department	Audit	Description
CR02	Place	Culture Recovery Fund Grant Certification (phases I and II)	Requested by Head of Service
CR02	Place	Culture Recovery Fund Grant Certification (phase III)	Requested by Head of Service
CR04	Cross Cutting	Handling of Members' Post	Requested by Chief Executive
CR04	Place	Planning Service Data Quality	Requested by Chief Executive
CR04	Place	Planning Consultation Notices	Requested by Executive Director, Place
CR05	People	Looked After Children - Financial Control	Following cessation of the ContrOcc project, to confirm that the introduction of a new control system is appropriate and working effectively
CR07	Cross Cutting	CCTV Process	Requested by Executive Director, Resources
CR11	Place	Capital Project Financial Management	Requested by Programme Director to confirm that appropriate processes and controls for financial management are in place and working effectively

A revised version of the 2021/22 internal audit plan is attached at **Appendix A**.

### Completed Audits

26 audits have been completed so far this year:

Department	Audit	Assurance Level
Cross Cutting	DWP Revised Memorandum of Understanding 20-21	No
People	Primary Behaviour Support Service	Limited
People	Secondary Behaviour Support Service	Limited
People	Oakthorpe Primary	Limited
Place	Community Infrastructure Levy	Limited

Department	Audit	Assurance Level
Place	Meridian Water – Contract Management	Limited
People	St. Paul's CE Primary School	Reasonable
People	De Bohun Primary	Reasonable
People	St Michael at Bowes CE Primary	Reasonable
People	Chase Side Primary School	Reasonable
People	St Andrew's Southgate CE Primary School	Reasonable
Place	Garden Waste Collection Services	Reasonable
Place	Capital Works	Reasonable
Cross Cutting	Local Government Transparency Code	N/A – Management Letter
Cross Cutting	Financial and Company Governance Review	N/A – Management Letter
Cross Cutting	Handling of Members' Post (NEW)	N/A – Management Letter
Chief Executives	Mayor's Accounts	N/A – Management Letter
Place	Planning Service Data Quality (NEW)	N/A – Management Letter
People	Bus Service Operators Grant (BSOG) Certification	N/A – Grant Certification
People	Supporting Families Grant Certification - May	N/A – Grant Certification
People	Supporting Families Grant Certification - June	N/A – Grant Certification
People	Supporting Families Grant Certification - Aug	N/A – Grant Certification
People	Supporting Families Grant Certification - Sept	N/A – Grant Certification
People	Supporting Families Grant Certification - Dec	N/A – Grant Certification
Place	BEGIN Grant - 1	N/A – Grant Certification
Place	Culture Recovery Fund Grant Certification I and II (NEW)	N/A – Grant Certification

### 2020/21 Audit Plan – Limited Assurance Reports

Since the last update to this Committee, two audits with a *No* or *Limited* assurance opinion have been issued. The following summary from each of the audit reports briefly explains the reasoning behind the assurance opinions:

#### **DWP Memorandum of Understanding (No assurance)**

This review identified **one critical risk** and **three high risk** findings.

The following **critical risk** finding was identified:

- It is mandatory that Baseline Personnel Security Standard (BPSS) checks are carried out prior to officers being given access to the DWP/HMRC data. We could not evidence that these checks had been fully completed for 14 officers from our sample of 20. We found instances where:
  - Checks were completed after the officer had commenced in their current role
  - Checks were not recorded on the officers' files

- Officers' files could not be located.

In addition, we were informed by Digital Services that they did not record the date when access was granted to individual users.

This means that access to DWP/HMRC data was granted without the conditions outlined in the MoU having been met. Therefore, the Council faces the significant risk of DWP revoking access to the DWP/HMRC data. If 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.

In addition, a review of the Civica contract must be prioritised to understand what assurances are required for Civica staff who access DWP/HMRC data on our behalf and to ensure these assurances are in place.

The following **3 high risk** findings were identified:

- There is no overall internal governance procedure around the signing of the MoU. This is important as several services need to provide information to support the Council's ability to sign the MoU. Not having a governance procedure in place has resulted in:
  - Officers' roles and responsibilities being unclear
  - Insufficient collaborative work between each service
  - No clear guidelines on expected timescales or deadlines being in place
  - Insufficient monitoring and reporting of activities relating to the MoU
  - Access being granted to DWP/HMRC data without appropriate checks having been made and recorded.
- Annual GDPR training had not been completed by all staff with access to the DWP/HMRC data. This is a mandatory Council requirement and section 5.4 of the MoU states:  
*LAs must ensure that before prospective users are granted access to DWP information, they successfully complete appropriate data protection training*
- We expected that a portfolio of evidence to support the signing of the MoU would have been immediately available to us. However, for us to confirm compliance with the IT aspects of the MoU, we had to request specific information from Digital Services and refer back to previous audits. As Digital Services took considerable time to provide this information, we can only conclude that a proper check against the MoU was not made prior to the document being signed. Additionally, Digital Services could not provide evidence that the necessary End Point Access protocols were in place nor that the Public Services Network Code of Connection certificate had been in place during the entire audit period.

### **Secondary Behaviour Support Service (Limited assurance)**

This review identified **three high risk, four medium risk and three low risk** findings.

The key performance measure for the Secondary Behaviour Support Service (SBSS) is a reduction in the number of permanent expulsions in Enfield secondary schools. The number of permanent exclusions from Enfield secondary schools reduced from 57 in 2017/18 to 21 in 2018/19. This meant that in comparison to local surrounding boroughs and other London boroughs, Enfield's permanent exclusion rate improved from being the 11<sup>th</sup> highest to the 3<sup>rd</sup> lowest. In addition, of the 112 referrals made to the SBSS Outreach team during 2019/20, no students were permanently excluded.

This review highlighted a number of control weaknesses in the Service particularly around not completing and retaining supporting documentation. It is important to retain such



documentation so that the Council can demonstrate it has fulfilled its duty to record and document decisions made if any challenges are made. Due to the nature of the high and medium risks identified, we feel an overall *Limited* assurance opinion is appropriate in this case.

The following **high risk** findings were identified:

- Controls in place around data security were found to be insufficient. We were unable to determine if appropriate arrangements were in place to ensure confidential information was being held securely by Council and non-Council staff.
- Improvements are required to the Service's referral processes. These improvements include ensuring intervention record sheets and student progress notes are completed and retained on file in all cases.
- There was no process, either formal or informal, in place for case reviews. We were unable to determine if the procedures were being applied correctly and consistently by all members of the SBSS or if inefficiencies or areas of improvement were being identified.

A further four medium and three low risk findings were also identified.

### **Annual Audit Opinion**

The Public Sector Internal Audit Standards (PSIAS) apply to all internal audit service providers in the UK public sector.

The PSIAS require the chief audit executive (who at the London Borough of Enfield is the Head of Internal Audit and Risk Management) to deliver an annual internal audit opinion.

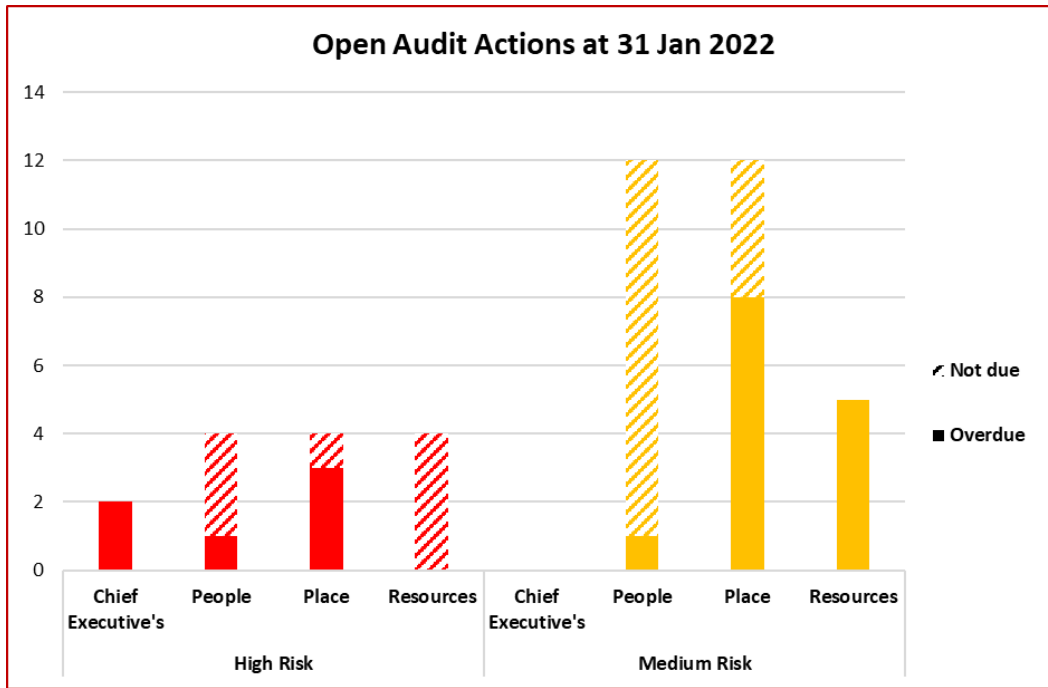
Whilst we continue to make progress in delivering the audit plan, it should be noted that we do not yet have sufficient audits completed on which to base the annual internal audit opinion. This is being reported to, and monitored by, the Assurance Board and we will continue to update the Committee.

### **Corporate Audit Actions Implementation**

The Internal Audit and Risk Management teams are responsible for tracking managers' progress with the implementation of internal audit actions.

As at 31 January 2022, the implementation rate (12-month rolling basis) for high risk actions is 77% and for medium risk actions is 82%.

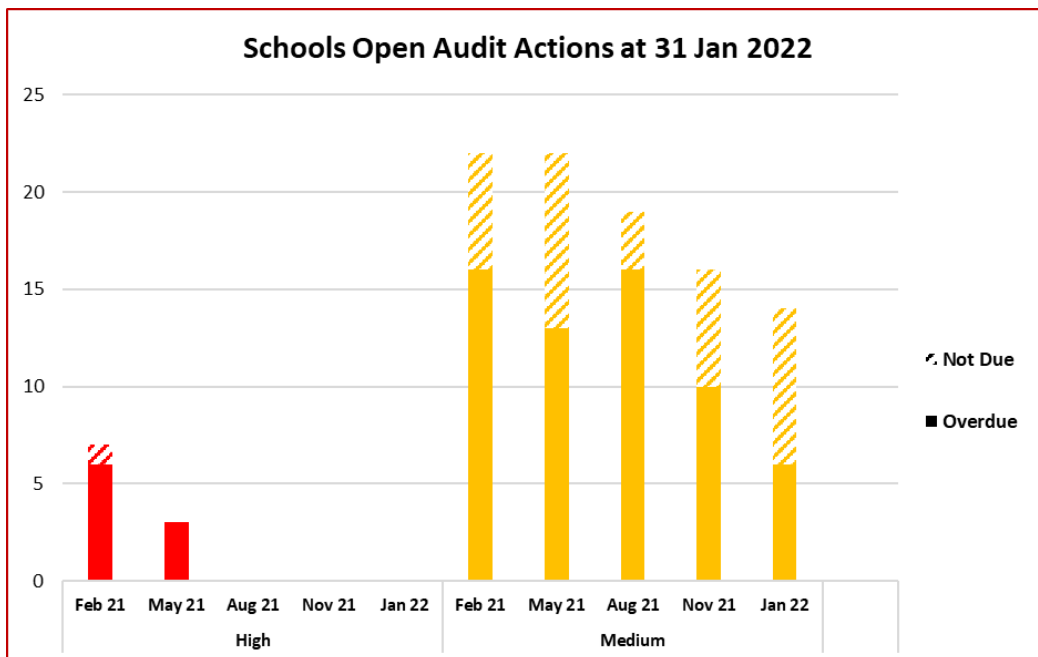
43 actions identified from Corporate audits remain open. Of these, 20 (6 high and 14 medium risk actions) were not fully implemented by their original due date and are, therefore, classed as overdue. Overdue actions are shown by the solid coloured part in the graph below:



Details of the overdue Corporate high risk actions are provided in **Appendix B**.

### Schools' Actions Implementation

As can be seen from the following chart, schools continue to make progress with action implementation. At 31 January 2022 no high risk actions were open but 6 medium risk actions remain overdue.



## Internal Audit Quality Assessment

Performance of the Internal Audit service for against agreed KPI/quality metrics for the year to date is outlined in the following table:

KPI / Quality Metric	Target	Actual
Days from end of fieldwork to issue of draft report	15	15
Days from receipt of management comments to issue of final report	10	9
Level of satisfaction score with audit work	80%	75%*
% of the audit plan delivered to draft report stage	95% (by 31 March)	45%

\* The level of satisfaction with audit work is determined by way of client satisfaction surveys issued after finalising every audit. Four survey responses have been received so far this year.

## Appendix A: 2021/22 Audit Plan Status

Dept.	Audit Title	Status
<b>CR01 Financial Resilience</b>		
People	Community Equipment Services	<b>Draft report issued</b>
Place	Grounds Maintenance	<b>Planning</b>
Resources	<b>Key financial processes:</b> Pensions - fund/payroll contributions	<b>Planning</b>
Resources	<b>Key financial processes:</b> Capital Budget Management	<b>Fieldwork in progress</b>
Resources	<b>Key financial processes:</b> Revenue Budgeting and Forecasting	<b>Fieldwork in progress</b>
Resources	<b>Key financial processes:</b> Financial Management of the Housing Revenue Account	<b>Fieldwork in progress</b>
Resources	Transformation Projects	<b>Cancelled</b>
<b>CR02 Income Maximisation</b>		
Cross Cutting	Test and Trace Grant 20-21	<b>Cancelled</b>
Cross Cutting	S31 Community Testing Grant	<b>Cancelled</b>
Cross Cutting	Contain Outbreak Management Fund (COMF)	<b>Cancelled</b>
Cross Cutting	Green Homes Grant	<b>Cancelled</b>
People	Supporting Families Grant Certification - May	<b>Complete</b>
People	Supporting Families Grant Certification - June	<b>Complete</b>
People	Supporting Families Grant Certification - July	<b>Cancelled</b>
People	Supporting Families Grant Certification - Aug	<b>Complete</b>
People	Supporting Families Grant Certification - Sept	<b>Complete</b>
People	Supporting Families Grant Certification - Oct	<b>Cancelled</b>
People	Supporting Families Grant Certification - Nov	<b>Cancelled</b>
People	Supporting Families Grant Certification - Dec	<b>Complete</b>
People	Supporting Families Grant Certification - Jan	<b>Not Started</b>
People	Supporting Families Grant Certification - Feb	<b>Not Started</b>
People	Bus Service Operators Grant (BSOG) Certification	<b>Complete</b>
Place	BEGIN Grant (Phase 1)	<b>Complete</b>

<b>Dept.</b>	<b>Audit Title</b>	<b>Status</b>
Place	BEGIN Grant (Phase 2)	<b>Not started</b>
Place	Garden Waste Collection Services	<b>Complete</b>
Place	Community Infrastructure Levy	<b>Complete</b>
Place	Culture Recovery Fund Grant Certification I and II (NEW)	<b>Complete</b>
Place	Culture Recovery Fund Grant Certification III (NEW)	<b>Not started</b>
LATC	Customer Services	<b>Cancelled</b>
<b>CR03 Fraud and Corruption</b>		
Chief Executives	Counter Fraud	<b>Draft report issued</b>
Chief Executives	Staff Ethical Standards	<b>Planning</b>
Chief Executives	Members' Ethics	<b>Cancelled</b>
Place	Planning	<b>Cancelled</b>
<b>CR04 Data Management</b>		
Cross Cutting	Leavers	<b>Not started</b>
Cross Cutting	DWP Revised Memorandum of Understanding 20-21	<b>Complete</b>
Cross Cutting	Local Government Transparency Code	<b>Complete</b>
Cross Cutting	Handling of Members' Post (NEW)	<b>Complete</b>
Place	Planning Service Data Quality (NEW)	<b>Complete</b>
Place	Planning Consultation Notices (NEW)	<b>Fieldwork in Progress</b>
Resources	Digital Services: Cyber Security Red Team Exercise	<b>Planning</b>
<b>CR05 Duty of Care</b>		
People	Primary Behaviour Support Service	<b>Complete</b>
People	Secondary Behaviour Support Service	<b>Complete</b>
People	Bridgewood House	<b>Fieldwork in Progress</b>
People	SEN Commissioning	<b>Planning</b>
People	Adoption	<b>Cancelled</b>
People	Deprivation of Liberty Safeguards	<b>Fieldwork in Progress</b>
Resources	Web content Accessibility Guidelines 2.1 (WCAG 2.1)	<b>Cancelled</b>
People	Looked After Children – Financial Management	<b>Planning</b>

<b>Dept.</b>	<b>Audit Title</b>	<b>Status</b>
<b>CR06 Customer Demand</b>		
Place	Homelessness	<b>Planning</b>
<b>CR07 Digital Technology</b>		
Resources	Digital Services: Contract Management	<b>Planning</b>
<b>CR08 Major Incident</b>		
<b>Cross Cutting</b>	Board Reporting	<b>Fieldwork in Progress</b>
<b>Cross Cutting</b>	Use of Spreadsheets	<b>Planning</b>
<b>Cross Cutting</b>	Lessons Learned from the Pandemic	<b>Cancelled</b>
<b>CR09 Health and Safety</b>		
<b>Cross Cutting</b>	Security Panel	<b>Planning</b>
<b>CR10 Housing</b>		
<b>Place</b>	Capital Works	<b>Complete</b>
<b>Place</b>	Housing Compliance - Safety Checks and Management of Lift Maintenance	<b>Planning</b>
<b>Place</b>	Housing repairs and maintenance	<b>Cancelled</b>
<b>Place</b>	Social Housing Assurance Framework Whitepaper	<b>Planning</b>
<b>LATC</b>	Enfield Let	<b>Planning</b>
<b>CR11 Regeneration and Growth</b>		
<b>Place</b>	Meridian Water – Contract Management	<b>Complete</b>
<b>Place</b>	Meridian Water – Financial Management	<b>Planning</b>
<b>Place</b>	Meridian Water - Supply Chain Risks	<b>Cancelled</b>
<b>CR12 Supply Chain and Contract Management</b>		
<b>Resources</b>	Procurement Social Value	<b>Cancelled</b>
<b>CR13 Commercial Ventures</b>		
<b>CEX</b>	Energetik	<b>Fieldwork in Progress</b>
<b>CEX</b>	Montagu LLP	<b>Fieldwork in Progress</b>
<b>CR14 Staffing</b>		
<b>Cross Cutting</b>	Culture	<b>Cancelled</b>
<b>CEX</b>	Organisational Development	<b>Planning</b>
<b>CR15 Tax</b>		
<i>No planned audits</i>		
<b>CR16 Community Cohesion</b>		
<i>No planned audits</i>		

<b>Dept.</b>	<b>Audit Title</b>	<b>Status</b>
<b>CR17 Climate Change</b>		
<b>Place</b>	Salix Programme	<b>Fieldwork in progress</b>
<b>CR18 Equality, Diversity and Inclusion</b>		
<b>Cross Cutting</b>	Equalities	<b>Planning</b>
<b>CR19 Legislation, Regulations and Standards</b>		
<i>No planned audits</i>		
<b>CR20 Financial Management</b>		
<b>Cross Cutting</b>	Finance and Company Governance Review	<b>Complete</b>
<b>Other</b>		
<b>People</b>	Schools Physical Verification Testing from 2020-21	<b>Fieldwork in progress</b>
<b>People</b>	Bush Hill Park Primary School	<b>Planning</b>
<b>People</b>	St. Paul's CE Primary School	<b>Complete</b>
<b>People</b>	De Bohun Primary School	<b>Complete</b>
<b>People</b>	Prince of Wales Primary School	<b>Draft report issued</b>
<b>People</b>	St Michael at Bowes CE Primary School	<b>Complete</b>
<b>People</b>	Eldon Primary School	<b>Draft report issued</b>
<b>People</b>	Chase Side Primary School	<b>Complete</b>
<b>People</b>	Firs Farm Primary School	<b>Fieldwork in progress</b>
<b>People</b>	St Andrew's Southgate CE Primary School	<b>Complete</b>
<b>People</b>	Oakthorpe Primary School	<b>Complete</b>
<b>People</b>	St Anne's Catholic High School for Girls	<b>Planning</b>
<b>CEX</b>	Mayor's Accounts	<b>Complete</b>



## APPENDIX B: Overdue High Risk Actions

### Chief Executives

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Recruitment	Records & Documents - i-Grasp	<p>a) In the short term we will explore the options for extending the i-Grasp contract whilst work is carried out with Digital Services to ensure that an appropriate interim solution is put in place;</p> <p>b) We will ensure appropriate engagement takes place with Digital Services to investigate, procure and implement a fit for purpose application that meets the needs of the Recruitment Service. A detailed requirements analysis will be completed with Digital Services to feed into the wider SAP review projects.</p>	31-Aug-2021	<p><b>Update January 2022</b> b) Current system does not allow for this, engaging with DS colleagues. iGrasp will no longer be supported at end of 2022.</p> <p><b>Update September 2021</b> a) Completed</p> <p>b) The service is proactively engaging with Digital Services and gathering early requirements for the longer term ERP solution.</p>	31-Oct-2022
Recruitment	Monitoring & Reporting-Management Information	<p>We will:</p> <p>a) Review our recruitment processes and identify and actively manage key performance indicators.</p> <p>b) Engage with the Knowledge and Insight Hub to identify effective methods of reporting recruitment performance.</p> <p>c) Ensure reporting requirements for the Service and its stakeholders</p>	31-Jul-2021	<p><b>Update September 2021</b> a &amp; b) Recruitment activities and reports are integrated in the workforce quarterly reports and the annual workforce reports provided by Knowledge and Insight Hub. HR will continue to work with Knowledge and Insight Hub to improve on this reporting based on the limited functionality of existing systems. In the meantime, will be based on what can be extracted manually and reliably reported.</p>	31-Mar-2022

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		are included in the specification for a replacement application.		c) Reporting requirements were part of the specification created with Digital Services for the awaited tender for an ERP system <b>-Implemented.</b>	

## People

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Schools' Financial Monitoring	Financial regulation and guidance	To support good financial management practices in schools, the Finance Manual for Schools, which underpins the Scheme for Financing Schools will be updated in line with current requirements, legislation and best practice. An external consultant will be appointed to update the Finance Manual (subject to cost). When finalised the manual will be made available to all maintained schools. Thereafter the manual will be reviewed at least annually or as and when significant changes take place.	01-Sep-2021	<b>Update November 2021</b> A consultant was engaged to redraft the Finance Manual, and this commenced in September 2021. The first draft of the manual has now been received and is initially being reviewed by the Finance Manager. Once the draft is finalised this will then be subject to a wider review process engaging with relevant officers and a small group of school business managers for their feedback, aiming for an April 2022 launch.	30-Apr-2022

## Place

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Facilities Management of Youth Centres	Corporate Landlord Responsibilities	<p>The Corporate Compliance Officer will continue working with the Buildings and Lettings Officer to ensure that:</p> <ul style="list-style-type: none"> <li>- All statutory and service compliance checks are carried out and documented in a timely manner;</li> <li>- Exceptions identified in this audit from the compliance report are investigated and resolved as a matter of urgency;</li> <li>- All information is centralised and recorded in the Atrium system, including fire extinguisher checks;</li> <li>- All exceptions are included in the quarterly Health and Safety Board report. The Atrium System Facilitator will arrange for FM staff to gain access to Atrium.</li> </ul>	31-Dec-2020	<p><b>Update January 2022</b> The SLA is still being negotiated between Housing and Property. Progress has been made, expected to be completed by end of February.</p>	28-Feb-2022
Facilities Management of Youth Centres	Policies and Procedures	<p>a) Comprehensive policy and procedures for the facilities management of youth centres will be compiled to include:</p> <ul style="list-style-type: none"> <li>- The use of youth centre premises;</li> <li>- Clear roles and responsibilities of officers and third -party organisations;</li> <li>- Terms and conditions of hire;</li> <li>- Invoicing and payment procedures;</li> <li>- Record keeping and documentation;</li> </ul>	31-Dec-2020	<p><b>Update January 2022</b> Being developed as part of the Service Level Agreement above.</p>	28-Feb-2022

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		<ul style="list-style-type: none"> <li>- Corporate landlord responsibilities;</li> <li>- General upkeep and maintenance of the premises.</li> <li>b) The policy and procedures documentation will be reviewed annually and communicated to staff.</li> <li>c) The Corporate Landlord policy will be reviewed and updated to reflect changes in the roles and responsibilities of officers.</li> </ul>			
Planning Enforcement	iDoX system limitations	<ul style="list-style-type: none"> <li>a) We will review the end-to-end process and establish which stages must be mandated. We will update our procedure notes accordingly.</li> <li>b) To review any reported non-working functionality captured as Incident on Digital Services Service Desk and address with Supplier through Supplier Engagement</li> <li>c) Already requested changes in functionality or new requests to be captured and provided to Supplier for response into whether can be done now within contract or whether on product roadmap to feedback to service for review</li> <li>d) Prioritised list of changes/requests to be assessed and requirements</li> </ul>	31-Oct-2021	<p><b>Update January 2022</b> Officers have met with Idox and currently testing implementation on Enterprise configuration before going live before end February</p> <p><b>Update November 2021</b></p> <ul style="list-style-type: none"> <li>a) Draft workflow and procedure note complete and communicated to supplier providing Enterprise</li> <li>b) <b>Implemented</b></li> <li>c) <b>Implemented</b></li> <li>d) <b>Implemented</b></li> <li>e) Progressed</li> </ul>	28-Feb-2022

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		drawn up and provided to Digital Services for Pipeline Review e) Requirements to be taken into Digital Services Pipeline			

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**London Borough of Enfield****General Purposes Committee****3 March 2022**

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<b>Subject:</b>	<b>2022/23 Internal Audit Charter and Draft 2022/23 Internal Audit Plan</b>
<b>Cabinet Member:</b>	<b>Cllr Mary Maguire, Cabinet Member for Finance and Property</b>
<b>Executive Director:</b>	<b>Fay Hammond, Executive Director Resources</b>
<b>Key Decision:</b>	<b>N/A</b>

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**Purpose of Report**

1. The General Purposes Committee is requested to review, provide comment on, and approve:
  - 2022/23 Internal Audit Charter (**Appendix A**)
  - 2022/23 Internal Audit Plan (**Appendix B**)
2. In accordance with the Public Sector Internal Audit Standards (PSIAS), the chief audit executive, who in the London Borough of Enfield is the Head of Internal Audit and Risk Management, must:
  - periodically review the Internal Audit Charter and present it to 'senior management' (the Executive Management Team) and the 'board' (General Purposes Committee) for approval
  - establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals
  - communicate the internal audit activity's plans and resource requirements, including significant interim changes, to 'senior management' (the Executive Management Team) and the 'board' (General Purposes Committee) for review and approval.
3. The **Internal Audit Charter (Appendix A)** is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The Internal Audit Charter establishes the internal audit activity's position within the organisation, including the nature of the Head of Internal Audit and Risk Management's functional reporting relationship with the Executive Management Team (EMT) and the General Purposes Committee; authorises access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the General Purposes Committee.

4. The Internal Audit Charter must also:
  - define the terms ‘board’ and ‘senior management’ for the purposes of internal audit activity
  - cover the arrangements for appropriate resourcing
  - define the role of internal audit in any fraud-related work
  - describe safeguards to limit independence or objectivity if internal audit or the Head of Internal Audit and Risk Management undertakes non-audit activities.
5. At the London Borough of Enfield, the Internal Audit Charter is reviewed annually. For 2022/23 we have mainly adopted the template issued by the Chartered Institute of Internal Auditors and have adapted this for Enfield specific issues only.
6. When approved, the Internal Audit Charter will be formally signed by the Head of Internal Audit and Risk Management, General Purposes Committee Chair, and the Section 151 Officer.
7. To develop the risk-based **Internal Audit Plan (Appendix B)**, the Head of Internal Audit and Risk Management consults with EMT and the General Purposes Committee and obtains an understanding of the organisation’s strategies, key business objectives, associated risks, and risk management processes. The Head of Internal Audit and Risk Management must review and adjust the plan, as necessary, in response to changes in the organisation’s business, risks, operations, programmes, systems, and controls.
8. This year we have incorporated a *Value Chain Analysis* into the Internal Audit Plan to map out the Council’s services. This has allowed us to identify areas of the Council we have not audited recently. The Value Chain Analysis also shows the number of internal audits undertaken against each of the corporate risks in the last 3 years and in the last 5 years.
9. In developing the draft 2022/23 Internal Audit Plan, we:
  - reviewed the Council’s Corporate Risk Register and other risk registers, identifying areas requiring audit
  - reviewed the Value Chain Analysis
  - undertook horizon scanning, including a review of key industry publications
  - linked those areas of audit to the Council’s Corporate Priorities
  - identified a level of Audit Priority for each audit. The levels are defined in **Appendix B** and will be used as a way to prioritise audits if circumstances change during the year i.e., it will be possible to flex the plan
  - allocated required resources, in terms of the number of audit days, to each audit
  - consulted with Departmental Management Teams, the Assurance Board and EMT to discuss the scope of the plan and to agree timings and the level of audit priority



10. As in previous years, the Internal Audit Plan will be delivered in conjunction with our co-sourced partners, PwC.

11. The 2021/22 Internal Audit Plan:

- covers all risks on the Corporate Risk Register except for CR15 Tax, CR16 Community Cohesion and CR18 Equality, Diversity, and Inclusion. Each of these is considered to be medium risk. It should be noted that Equality, Diversity, and Inclusion is an area that we cover in individual audit reviews, when relevant.
- in total covers 70 audits with an allocation of 825 audit days. We have planned a 12% reduction, in terms of audit days, over last year's Plan to align the Plan to available resource.
- 51% of the audits are focused on high risk areas, 36% are focused on medium risk areas and the remainder are focused on school audits and the audit of the Mayor's charity accounts
- includes 8 schools' audits and an audit of the Mayor's charity accounts. Due to the nature of our schools' audit programme, the schools' audits cover several risks identified in the Corporate Risk Register and therefore have not been assigned to individual risk areas.

12. In accordance with the PSIAS, progress against the Plan and any changes made to the Plan during the year will be communicated regularly to the General Purposes Committee. The Head of Internal Audit and Risk Management will also produce an annual internal audit opinion and overview of the assurance framework.

### **Proposal**

13. The General Purposes Committee is requested to:

- Review the 2022/23 Internal Audit Charter and the draft 2022/23 Internal Audit Plan
  - provide feedback on the contents of these documents
  - approve these documents

### **Reason for Proposal**

14. In line with the requirements of the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit and Risk Management has a responsibility to:

- regularly review the Internal Audit Charter and to present this to the General Purposes Committee for review and approval
- prepare an annual Internal Audit Plan and to present this to the General Purposes Committee for review and approval

## **Relevance to the Council's Plan**

### **Good Homes in Well-Connected Neighbourhoods**

15. An effective Audit and Risk Management Service helps to provide assurance over any risks that might adversely affect the delivery of good homes in well-connected neighbourhoods.

### **Safe, Healthy and Confident Communities**

16. An effective Audit and Risk Management Service is an essential management tool which will help the Council achieve its objectives to sustain safe, healthy, and confident communities.

### **An Economy that Works for Everyone**

17. An effective Audit and Risk Management Service will help the Council achieve its objectives in building a local economy that works for everyone.

## **Background**

18. In line with the requirements of the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit and Risk Management has a responsibility to:

- regularly review the Internal Audit Charter and to present this to the General Purposes Committee for review and approval
- prepare an annual Internal Audit Plan and to present this to the General Purposes Committee for review and approval

19. The Internal Audit Charter was last submitted to and agreed by the General Purposes Committee in March 2021. The 2022/23 Internal Audit Charter is presented for review and approval.

20. The draft Internal Audit Plan for 2022/23 is presented for review and approval.

## **Main Considerations for the Council**

21. Any large complex organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate risks it may face.

22. The Audit and Risk Management Service supports management in the identification and mitigation of risks as part of its work.

## **Safeguarding Implications**

23. Some audits on the Audit Plan will require attendance at schools and other establishments where children, young people and vulnerable adults may be present. Despite Internal Audit not being in regulated activity as defined by

the Disclosure and Barring Service (DBS), all auditors are DBS checked and adhere to local safeguarding policies.

### **Public Health Implications**

24. No Public Health implications arise from this report.

### **Equalities Impact of the Proposal**

25. Following the completion of the Corporate Equalities Impact Assessment initial screening, this report does not have an Equalities impact.

### **Environmental and Climate Change Considerations**

26. The Audit Charter and proposed Internal Audit Plan for 2022/23 do not in themselves raise any direct environmental and climate change considerations. The emissions arising from the Internal Audit team and external consultants will be accounted for as part of the Council's wider corporate emissions (Scopes 1, 2 and 3).

### **Risks that may arise if the proposed decision and related work is not taken**

27. Any large complex organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate risks it may face.

28. The Audit and Risk Management Service supports management in the identification and mitigation of risks as part of its work and therefore, if this work is not carried out, reviewed, and followed up, the Council faces the risk of legal, financial, and reputational loss.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

29. N/A

### **Financial Implications**

30. There are no financial implications related to this report.

### **Legal Implications**

31. This report sets out the requirements of the Public Sector Internal Audit Standards (PSIAS) and the legal and ethical frameworks to work within. Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life.

### **Workforce Implications**

32. There are no workforce implications related to this report.

### **Property Implications**

33. There are no property implications arising directly from this report from the Audit and Risk Management Service.

### **Other Implications**

34. N/A

### **Options Considered**

35. Given the requirements of the Public Sector Internal Audit Standards, no other options were considered.

### **Conclusions**

36. The General Purposes Committee is requested to:

- Review the 2022/23 Internal Audit Charter and the draft 2022/23 Internal Audit Plan
- provide feedback on the contents of these documents
- approve these documents

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Date of report: 21 February 2022

### **Appendices**

Annex A: 2021/22 Internal Audit Charter (**Appendix A**)  
Annex B: 2021/22 Internal Audit Plan (**Appendix B**)

### **Background Papers**

None

## **London Borough of Enfield Draft Internal Audit Charter January 2022**

### **Purpose and mission**

The purpose of London Borough of Enfield's Internal Audit team is to provide independent, objective assurance and consulting services designed to add value and improve the London Borough of Enfield's operations. The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit team helps the London Borough of Enfield accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

### **Standards for the Professional Practice of Internal Auditing**

The Internal Audit team will govern itself by adherence to the Public Sector Internal Audit Standards and to the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The Head of Internal Audit and Risk Management will report periodically to senior management and the General Purposes Committee regarding the Internal Audit team's conformance to the Code of Ethics and the Standards.

### **Authority**

The Head of Internal Audit and Risk Management will report functionally to the General Purposes Committee and administratively (i.e., day-to-day operations) to the Section 151 Officer. To establish, maintain, and assure that the London Borough of Enfield's Internal Audit team has sufficient authority to fulfil its duties, the General Purposes Committee will:

- Endorse the Internal Audit team's charter.
- Endorse the risk-based internal audit plan.
- Endorse the Internal Audit team's budget and resource plan.
- Receive communications from the Head of Internal Audit and Risk Management on the internal audit team's performance relative to its plan and other matters.
- Approve the remuneration of the Head of Internal Audit and Risk Management on a contingency basis, for example due to a proposed change in grade or restructure.
- Make appropriate inquiries of management and the Head of Internal Audit and Risk Management to determine whether there is inappropriate scope or resource limitations.

The Head of Internal Audit and Risk Management will have unrestricted access to, and communicate and interact directly with, the General Purposes Committee, including in private meetings without management present where necessary.

The General Purposes Committee authorises the Internal Audit team to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of the London Borough of Enfield, as well as other specialised services from within or outside the London Borough of Enfield, in order to complete the engagement.

## **Independence and objectivity**

The Head of Internal Audit and Risk Management will ensure that the Internal Audit team remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Head of Internal Audit and Risk Management determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the London Borough of Enfield or its legal entities.
- Initiating or approving transactions external to the Audit and Risk Management Service
- Directing the activities of any London Borough of Enfield employee not employed by the Audit and Risk Management Service except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Head of Internal Audit and Risk Management has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Head of Internal Audit and Risk Management will confirm to the General Purposes Committee, at least annually, the organisational independence of the Internal Audit team.

The Head of Internal Audit and Risk Management will disclose to the General Purposes Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

## **Scope of internal audit activities**

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the General Purposes Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the London Borough of Enfield. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the London Borough of Enfield's strategic objectives are appropriately identified and managed.
- The actions of the London Borough of Enfield's officers, employees, and contractors are in compliance with the London Borough of Enfield's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programmes are consistent with established goals and objectives.
- Operations or programmes are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the London Borough of Enfield.
- Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Head of Internal Audit and Risk Management will report periodically to senior management and the General Purposes Committee regarding:

- The Internal Audit team's purpose, authority, and responsibility.
- The Internal Audit team's plan and performance relative to its plan.
- The Internal Audit team's conformance with the Public Sector Internal Audit Standards and The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.

- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by the General Purposes Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the London Borough of Enfield.

The Head of Internal Audit and Risk Management also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Internal Audit team may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Internal Audit team does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

## **Responsibility**

The Head of Internal Audit and Risk Management has the responsibility to:

- Submit, at least annually, to senior management and the General Purposes Committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and the General Purposes Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary and appropriate, in response to changes in the London Borough of Enfield's business, risks, operations, programmes, systems, and controls.
- Communicate to senior management and the General Purposes Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the General Purposes Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Internal Audit team collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit Charter.
- Ensure trends and emerging issues that could impact the London Borough of Enfield are considered and communicated to senior management and the General Purposes Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.



- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit team.
- Ensure adherence to the London Borough of Enfield's relevant policies and procedures, unless such policies and procedures conflict with the Internal Audit Charter. Any such conflicts will be resolved or otherwise communicated to senior management and the General Purposes Committee.
- Ensure conformance of the Internal Audit team with the Standards, with the following qualification:
  - If the Internal Audit team is prohibited by law or regulation from conformance with certain parts of the Standards, the Head of Internal Audit and Risk Management will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.

## **Quality assurance and improvement programme**

The Internal Audit team will maintain a quality assurance and improvement programme that covers all aspects of the Internal Audit team's activity. The programme will include an evaluation of the Internal Audit team's conformance with the Standards. The programme will also assess the efficiency and effectiveness of the Internal Audit team's and identify opportunities for improvement.

The Head of Internal Audit and Risk Management will communicate to senior management and the General Purposes Committee on the Internal Audit team's quality assurance and improvement programme, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the London Borough of Enfield.

## **Signatures**

Head of Internal Audit and Risk Management | Date

General Purposes Committee Chair | Date

Section 151 Officer| Date

## 2022/23 Draft Internal Audit Plan

### Introduction

The Public Sector Internal Audit Standards (PSIAS) require the chief audit executive (who in the London Borough of Enfield is the Head of Internal Audit and Risk Management) to determine the priorities of the internal audit activity from a risk based plan, which is consistent with the Council's goals. Internal audit work is planned to support the goals of the Council from an objective assessment of the system of internal controls. The aim is to provide assurance to the General Purposes Committee, Section 151 Officer, the Executive Management Team and other senior managers that an appropriate system of internal control is in place to mitigate key risks that may impact on the achievement of the Council's services and priorities.

Whilst it is management's responsibility to develop and maintain a sound system of internal control, and to prevent and detect fraud, bribery and corruptions, the overall aim of internal audit work is to seek out areas requiring improvement and to recommend solutions that will enable the Council to better achieve its objectives. Therefore, the planning approach is based on achieving coverage over a reasonable period of time, of the Council's main risks and core processes where this is reasonable expectation of detecting significant control weakness and fraud.

### Our Approach to Developing the 2022/23 Internal Audit Plan

In line with the PSIAS, the 2022/23 Internal Audit Plan has been formulated using a risk based approach. The Corporate Risk Register and other risk registers have been reviewed and Executive Directors, Directors and Departmental Management Teams have been consulted to ascertain key concerns.

This year we have drafted a *Value Chain Analysis* to map out the Council's services. This has allowed us to identify areas of the Council we have not audited recently. The Value Chain Analysis also shows the number of internal audits undertaken against each of the corporate risks in the last 3 years and in the last 5 years.

We then sought to assess the audit requirement taking into consideration:

- The impact or likelihood of the risk identified;
- The timing of and findings from previous audit work and other known sources of assurance, as an indication of management control, along with the occurrence or likelihood of change; and
- The extent of review by other review bodies and assurance providers.

### Summary of the Draft 2022/23 Internal Audit Plan

The draft 2022/23 Internal Audit Plan has identified 70 audits covering 17 of the 20 risks identified on the Corporate Risk Register. The corporate risks with no associated audits are:

- CR15 Tax
- CR16 Community Cohesion
- CR18 Equality, Diversity, and Inclusion.

Equality, Diversity, and Inclusion is an area that we cover in individual audit reviews, where relevant.

Each of these risks are assessed as medium, therefore all high risk areas are being reviewed in the plan.

51% of audits are focused on high risk areas identified in the Corporate Risk Register and 36% on medium risk areas. The remaining audits in the Plan are focused on:

- Schools (8 audits)
- Accounts for the Mayor's charity (1 audit)

Due to its nature, the schools' audit programme covers a number of areas in the Corporate Risk Register. Therefore, it has not been possible to allocate schools against individual risks.

The total number of audit days required to deliver the 2022/23 Internal Audit Plan is 825 days. The following table summarises this by Department:

Department	No. of Audit Days
Chief Executive's (CEX)	70
Cross Cutting	160
Commercial Ventures	30
People (excl. schools)	125
Schools	80
Place	175
Resources	185
<b>Total</b>	<b>825</b>

The number of planned audit days has been reduced by 12% over last year's Plan to align the Plan to available resource.

### Other Considerations

The Audit and Risk Management Service is conscious of the significant pressure on resources that the Council faces. This Plan has been developed with this in mind and, wherever possible, the Internal Audit team will provide support to management by looking to identify potential inefficiencies and making recommendations for fewer but smarter controls.

Using a risk based approach, it has been determined that the audit requirement for 2022/23 can be delivered with 825 audit days. This is the resource available from a combination of in-house and co-sourced auditors within the available budget for the Service.

Internal audit work to achieve the Plan will be undertaken to evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach. This activity assists the

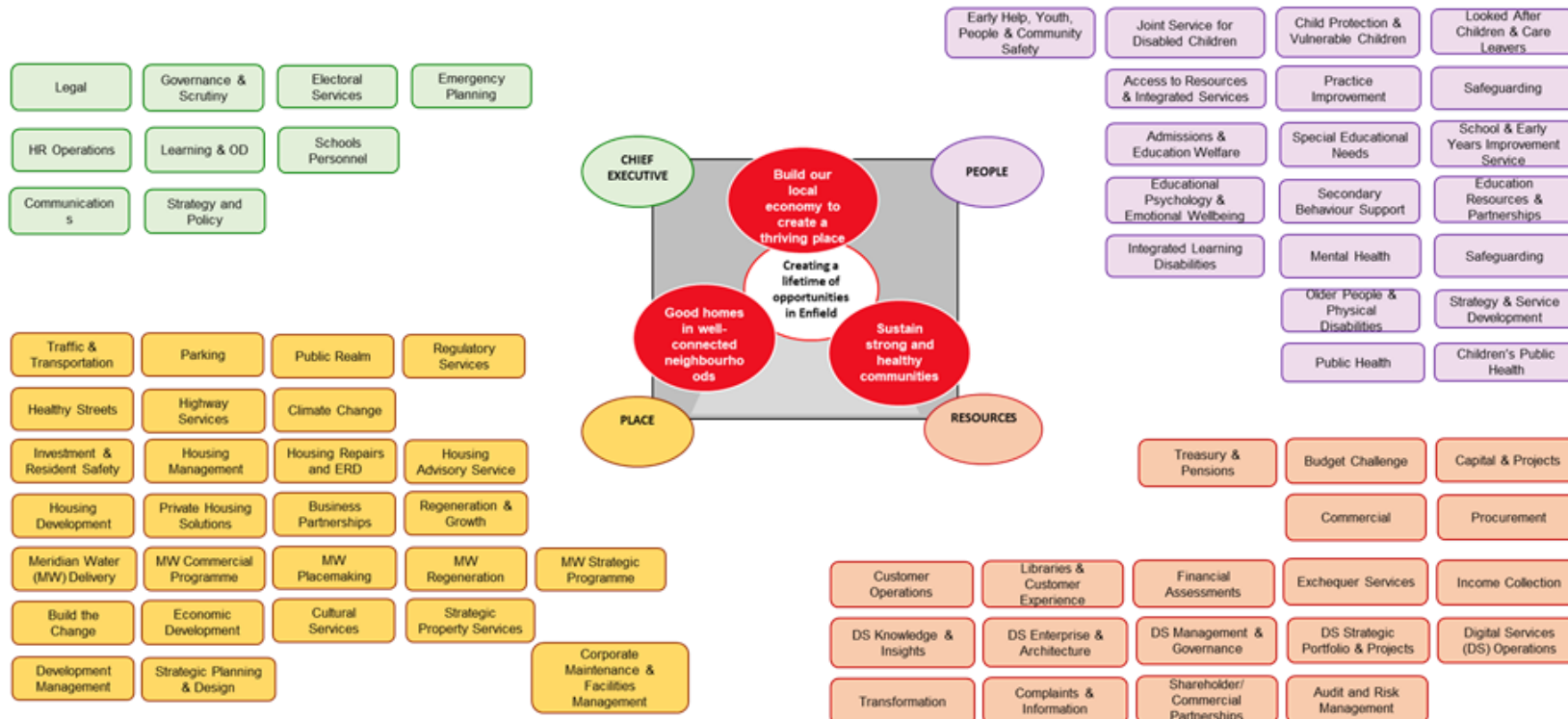
organisation to maintain effective controls by evaluating their adequacy and effectiveness and by promoting continuous improvement. The principles underpinning the Council's internal audit approach are summarised in the Internal Audit Charter.

The audit plan needs to be flexible to enable a responsive service in the face of changing risks and priorities that may impact on the Council's services. Therefore, it should be recognised that planned audits and their scope may need to be adjusted in response to changes in the Council's business, risks, operations, systems, and controls as the year progresses. Where such changes are required, details will be reported to the Executive Management Team and to the General Purposes Committee.

To allow flexibility in how the plan is delivered in light of changing circumstances we have introduced an Audit Priority against each audit. These priorities numbered 1 – 3, indicate which audits must be delivered even in light of changing circumstances and the prioritisation of the others. A table outlining the prioritisation is given at the foot of the Plan.

The Value Chain Analysis and the draft 2022/23 Internal Audit Plan, including the potential scope for each audit, follow below:

# Value Chain Analysis



No of audits undertaken for last 3 years (incl those planned for 2021/22)      No of audits undertaken for last 5 years (incl those planned for 2021/22)

## Draft 2022-23 Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
<b>CR01 Financial Resilience</b>						
Cross Cutting	<b>Payments to Residential Care Providers</b>	To confirm that appropriate controls are in place to ensure payments to care providers are made correctly and on time.	EE/SHCC	Q1	1	15
Cross Cutting	<b>ContrOcc - Lessons Learnt</b>	To understand the reasons behind the cancellation of the ContrOcc project, to ensure proper governance surrounded the cancellation, that lessons learnt have been identified and necessary changes have been implemented into the Council's standard project methodology.	EE/GH/SHCC	Q1	1	15
Place	<b>Land/Property Disposals</b>	To confirm that controls around land/property disposals are appropriate and working effectively.	EE	Q1	1	15
Place	<b>Economic Strategy</b>	To confirm there is appropriate management, monitoring and reporting of the Council's-economic strategy.	EE	Q2	2	15
Resources	<b>Transformation Project – Income and Debt Project</b>	To ensure appropriate governance is in place, lessons learned from success/failure of past projects are formalised and embedded into future projects and that delivery outcomes and benefits realisation are published and monitored.	EE/GH/SHCC	Q2	2	15
<b>CR02 Income maximisation</b>						
People	<b>Supporting Families (x 10 audits)</b>	To provide assurance for Department for Levelling Up, Housing and Communities (DLUHC) purposes that claims are legitimate.	SHCC	Q1-Q4	1	20

## Draft 2022-23 Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
People	<b>Public Health Grant</b>	To confirm that there are appropriate controls in place to provide assurance that the public health grant is spent and accounted for in accordance with grant conditions.	EE/SHCC	Q3-Q4	2	15
People	<b>Orchardside School Grant Certification - Alternative Provision Specialist Taskforces Programme</b>	To confirm that the grant is spent and accounted for in accordance with grant conditions	SHCC	Q1	1	5
Place	<b>Parking Contract</b>	To confirm that appropriate processes and controls are in place and working effectively around the delivery of contracted services and the reconciliation of income from the current parking contract.	EE	Q1-Q2	1	15
Resources	<b>Education Funding</b>	To confirm that the Section 151 officer receives adequate assurance that school delegated funds are spent in accordance with grant requirements.	EE/SHCC	Q4	2	15
Cross Cutting	<b>Contain Outbreak Management Fund Grant (COMF)</b>	To confirm that the grant is spent and accounted for in accordance with grant conditions.	EE/GH/SHCC	Q1	1	5
Cross Cutting	<b>Local Authority Test and Trace Support Grant</b>	To confirm that the grant is spent and accounted for in accordance with grant conditions.	EE/GH/SHCC	Q1	1	5
Resources	<b>Self-Isolation Payments Funding</b>	To confirm that the grant is spent and accounted for in accordance with grant conditions	EE/GH/SHCC	Q1	1	5
People	<b>Bus Service Operators Grant</b>	To confirm that the grant is spent and accounted for in accordance with grant conditions	SHCC	Q2	1	5

## Draft 2022-23 Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
<b>CR03 Fraud and Corruption</b>						
CEX	<b>Members' Ethics</b>	To provide assurance that the new Members' Code of Conduct has been embedded and is working appropriately.	EE/GH/SHCC	Q4	2	15
Place	<b>Meridian Water Community Chest Grants</b>	To confirm that a robust grant application and award process is in place, is applied consistently and effectively, takes potential fraud into account and ensures grants are spent in line with the award terms and conditions.	EE	Q3	1	15
Place	<b>Planning</b>	To ensure appropriate controls are in place to ensure the Planning process is run effectively. Include a follow up on the 2020/21 no assurance planning enforcement audit.	EE/GH/SHCC	Q3	1	15
Resources	<b>Blue Badges</b>	To ensure that appropriate processes and controls are in place to ensure effective delivery of the service and that potential fraud is addressed.	SHCC	Q3	2	15
<b>CR04 Data Management</b>						
Cross Cutting	<b>Smarter Working - Clear Desk Policy</b>	In conjunction with the Data Protection team, to test how well the clear desk policy is being adhered to across the Council.	SHCC	Q2	2	15
Cross Cutting	<b>Data Governance</b>	To ensure that appropriate processes and controls are in place to ensure effective delivery of the service.	EE/GH/SHCC	Q3	2	15



## Draft 2022-23 Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
<b>CR05 Duty of Care</b>						
People	<b>Passenger Services Operations - Adults</b>	To confirm that delivery of transport provision is efficient and cost effective and that controls, including safeguarding, are appropriate.	SHCC	Q1-Q2	1	20
People	<b>Enfield Early Help for All Strategy</b>	To confirm that the Early Help for All Strategy is embedded across relevant teams and is working effectively.	SHCC	Q3	3	15
People	<b>Post 16 Services</b>	To confirm appropriate actions are being taken to ensure the Council's preparedness for the new Skills and Post 16 Education legislation.	SHCC	Q3-Q4	3	15
Resources	<b>Web content Accessibility Guidelines 2.1 (WCAG 2.1)</b>	To ensure that all LBE websites are compliant with the requirements of WCAG 2.1 which define how to make web content more accessible to people with disabilities.	EE/GH/SHCC	Q1	1	15
People	<b>Multi Agency Safeguarding Hub (MASH)</b>	To ensure MASH compliance with the Enfield threshold document in relation to decision making on referrals.	SHCC	Q2	1	15
<b>CR06 Customer Demand</b>						
Resources	<b>Complaints and Information</b>	To ensure that appropriate processes (including data recording) and controls are in place to ensure effective delivery of the service.	EE/GH/SHCC	Q4	1	15
<b>CR07 Digital Technology</b>						
Resources	<b>IT Statutory Compliance</b>	To confirm that there is appropriate adherence to regulatory requirements and supporting evidence is in place to demonstrate this (e.g., NHS, PCI, PSN, etc).	EE/GH/SHCC	Q3	1	15

## Draft 2022-23 Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
Cross Cutting	<b>Schools Cyber Security</b>	To confirm there are sufficient and robust controls in schools to ensure cyber security threats against schools and the Council are minimised.	SHCC	Q1-Q2	1	15
<b>CR08 Major Incident</b>						
CEX	<b>Business Continuity Planning</b>	To ensure business continuity plans in place are: <ul style="list-style-type: none"> <li>- sound, accurate, up to date</li> <li>- appropriately reviewed and tested</li> <li>- sufficient to respond to a reputation led crisis event.</li> </ul>	EE/GH/SHCC	Q4	1	20
<b>CR09 Health and Safety</b>						
Cross Cutting	<b>Corporate Health and Safety Board</b>	To provide assurance that the Corporate Health and Safety Board, and its departmental sub- boards, have suitable terms of reference and structures in place, and meet with appropriate frequency.	EE/GH/SHCC	Q1	1	15
<b>CR10 Housing</b>						
Place	<b>Housing Repairs and Maintenance</b>	To ensure that appropriate processes and controls are in place to ensure effective delivery of the service.	GH/SHCC	Q1	1	15
Place	<b>Housing Development Programme Management – Bury Street West</b>	To provide assurance over the effectiveness of the governance and delivery of the Bury Street West development.	GH	Q3	1	15
<b>CR11 Regeneration and Growth</b>						
Cross Cutting	<b>Governance and Management – Cemetery Project</b>	To provide assurance over the effectiveness of the governance management and delivery of a cemetery project.	EE/GH/SHCC	Q2	2	15

## Draft 2022-23 Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
Cross Cutting	<b>Governance and Management – Building Bloqs</b>	To provide assurance over the effectiveness of the governance management and delivery of the Building Bloqs project.	EE/GH/SHCC	Q1	2	15
Place	<b>Meridian Water - Supply Chain Risks</b>	To ensure that a review of supply chain risks has been undertaken especially in view of Covid-19 and Brexit and that appropriate contingency plans are in place.	GH	Q3-Q4	1	15
<b>C12 Supply Chain and Contract Management</b>						
Place	<b>Highways Inspections</b>	To confirm robust controls are in place and working effectively to ensure inspections are carried out timely in line with the Council's policy.	SHCC	Q3	3	15
Cross Cutting	<b>PFI Contract Monitoring</b>	To confirm there is appropriate governance and oversight of the Council's school PFI contracts.	EE/SHCC	Q3	2	15
Resources	<b>Procurement</b>	To ensure appropriate controls are in place and working effectively when letting contracts	EE/GH/SHCC	Q2	1	15
<b>CR13 Commercial Ventures</b>						
LATC	<b>Housing Gateway Limited (HGL)- Disabled Facilities Grant Process</b>	To ensure that the application processes and controls for HGL properties are appropriate and working effectively.	GH	Q3	1	15
LATC	<b>Housing Gateway Limited (HGL) - Suitability Assessment Process for HGL Properties</b>	To ensure that the assessment processes and controls for HGL properties are appropriate and working effectively.	GH	Q2	1	15

## Draft 2022-23 Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
<b>CR14 Staffing</b>						
Cross Cutting	<b>Whistleblowing, Grievances and Disciplinary Procedures</b>	To ensure that governance processes and controls around whistleblowing, grievances and disciplinary procedures are embedded and working effectively.	EE/GH/SHCC	Q3	2	15
Cross Cutting	<b>Culture</b>	To assess to what extent the culture in the Council is supportive of the Council's strategy and mandate.	EE/GH/SHCC	Q3	3	15
<b>CR15 Tax</b>						
No audits proposed						
<b>CR16 Community Cohesion</b>						
No audits proposed						
<b>CR17 Climate Change</b>						
Place	<b>Waste Services Contract</b>	To confirm that the waste handling processes by external providers meet Council objectives and the Climate Change Plan.	EE/GH/SHCC	Q1	2	15
Place	<b>Green Homes Grant</b>	To confirm that grant monies are spent in accordance with the grant terms and conditions.	EE/GH/SHCC	Q1	1	10
<b>CR18 Equality Diversity and Inclusion</b>						
No audits proposed						

## Draft 2022-23 Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
<b>CR19 Legislation, Regulations and Standards</b>						
CEX	<b>Organisational Governance</b>	To review Board structure of the Council together with the relevant terms of reference, to ensure roles, remits and escalation and decision making processes are clear and that duplication is minimised.	EE/GH/SHCC	Q2	3	15
Place	<b>Building Safety</b>	To ensure the Council is compliant with the requirements of the Fire Safety Act 2021.	SHCC	Q4	2	15
CEX	<b>Supporting Members</b>	To ensure appropriate support is in place for all members of all parties and any independent members and that this support is fair and transparent.	EE/GH/SHCC	Q4	1	15
<b>CR20 Financial Management</b>						
Resources	<b>Financial External Audit Process</b>	To confirm that robust processes are in place to provide timely, accurate and complete information to the External Auditors.	EE/GH/SHCC	Q2-Q3	1	15
Resources	<b>Accounts Receivable</b>	Following the 2019/20 audit which received limited assurance, to confirm that controls are working effectively.	EE/GH/SHCC	Q1	1	15
Resources	<b>General Ledger</b>	Following the 2019/20 audit which received no assurance, to confirm that good controls are now embedded and working effectively.	EE/GH/SHCC	Q3	1	15
Resources	<b>Business Rates Process</b>	To confirm adequate controls are in place around valuation certificates for business rates to ensure errors are not embedded into the process.	EE/GH/SHCC	Q3	1	15
Resources	<b>Payroll - Calculations</b>	To confirm that the process for payroll calculations	SHCC	Q1-Q2	1	15

## Draft 2022-23 Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
		and parameters is working effectively and to ensure these calculations are subject to appropriate review and approval before use.				
<b>Other</b>						
CEX	<b>Mayor of the London Borough of Enfield Appeal Fund Accounts 2021/22</b>	Review to support the independent examination of the Mayor of the London Borough of Enfield Appeal Fund Accounts 2021/22 by the Executive Director Resources.	EE/GH/SHCC	Q2-3	1	5
People	<b>Chase Community School</b>	To ensure that appropriate processes and controls are in place and in accordance with SFVS, Scheme for Financing Schools and the Schools' Finance Manual.	SHCC	Q1	2	10
People	<b>The Latymer School</b>	To ensure that appropriate processes and controls are in place and in accordance with SFVS, Scheme for Financing Schools and the Schools' Finance Manual.	SHCC	Q3	2	10
People	<b>Freezywater St George's CE Primary School</b>	To ensure that appropriate processes and controls are in place and in accordance with SFVS, Scheme for Financing Schools and the Schools' Finance Manual.	SHCC	Q3	2	10
People	<b>St Andrew's (Enfield) CE Primary School</b>	To ensure that appropriate processes and controls are in place and in accordance with SFVS, Scheme for Financing Schools and the Schools' Finance Manual.	SHCC	Q1	2	10
People	<b>St Ignatius College</b>	To ensure that appropriate processes and controls are in place and in accordance with SFVS, Scheme for Financing Schools and the Schools' Finance Manual.	SHCC	Q1	2	10

## Draft 2022-23 Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
People	<b>West Lea School</b>	To ensure that appropriate processes and controls are in place and in accordance with SFVS, Scheme for Financing Schools and the Schools' Finance Manual.	SHCC	Q3	2	10
People	<b>Highfield Primary School</b>	To ensure that appropriate processes and controls are in place and in accordance with SFVS, Scheme for Financing Schools and the Schools' Finance Manual.	SHCC	Q3	2	10
People	<b>Carterhatch Infants School</b>	To ensure that appropriate processes and controls are in place and in accordance with SFVS, Scheme for Financing Schools and the Schools' Finance Manual.	SHCC	Q1-Q3	2	10

### Key to Corporate Priorities Abbreviations

Corporate Priorities	Abbreviation
Good homes in well-connected neighbourhoods	GH
Safe, healthy and confident communities	SHCC
An economy that works for everyone	EE

### Key to Corporate Risk Register (CRR) Ratings

High Risk
Medium Risk
Low Risk

### Key to Audit Priority

Priority	Description
1	Audit must be carried out despite any changes to the Council's circumstances
2	If there are changes to the Council's circumstances, this audit may only be cancelled in consultation with the audit owner
3	If there are changes to the Council's circumstances, this audit may be cancelled by ARMS without reference to the audit owner



## London Borough of Enfield

### General Purposes Committee

3 March 2022

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**Subject:** Corporate Risk Register Update

**Cabinet Member:** Cllr Mary Maguire, Cabinet Member for Finance and Property

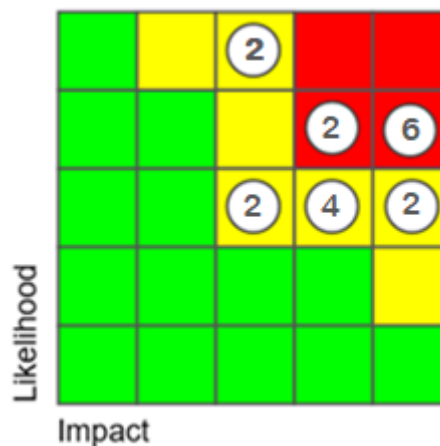
**Executive Director:** Fay Hammond, Executive Director Resources

**Key Decision:** N/A

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### Purpose of Report

- 1 This report presents the latest Corporate Risk Register (CRR)
- 2 A summary of the risks on the **Corporate Risk Register** are shown in the heat map below



- 3 The full Corporate Risk Register can be found in **Appendix A**.

### Corporate Risk Register review

- 4 Since the Corporate Risk Register was presented to General Purposes Committee on 13 January 2022, the following reviews have been carried out:

Review carried out by	Date
Place Department	January 2022
Resources Department	February 2022
Executive Management Team	February 2022

- 5 There have been no significant changes to existing risks or addition of any new risks.
- 6 Changes made from the last version of the Corporate Risk Register presented to General Purposes Committee have been [highlighted in blue](#) in **Appendix A**.

### **Proposal**

- 7 The General Purposes Committee is requested to note and provide comment on the Corporate Risk Register presented at **Appendix A**.
- 8 The General Purposes Committee is requested to agree that going forward, in accordance with the Council's Risk Management Strategy:
  - The Corporate Risk Register is reviewed monthly by Departmental Management Teams and quarterly by the Executive Management Team.
  - The Corporate Risk Register is reviewed by the General Purposes Committee twice a year.

### **Reason for Proposal**

- 9 The Council's Risk Management Strategy requires the regular review of the Council's risk registers. In accordance with the Strategy, the General Purposes Committee is responsible for monitoring the effective development and operation of risk management in the Council. Therefore, the Corporate Risk Register is presented to the Committee for review and comment.

### **Relevance to the Council's Plan**

#### **Good Homes in Well-Connected Neighbourhoods**

- 10 An effective Audit and Risk Management Service helps to provide assurance over any risks that might adversely affect the delivery of good homes in well-connected neighbourhoods.

#### **Safe, Healthy and Confident Communities**

- 11 An effective Audit and Risk Management Service is an essential management tool which will help the Council achieve its objectives to sustain safe, healthy and confident communities.

#### **An Economy that Works for Everyone**

- 12 An effective Audit and Risk Management Service will help the Council achieve its objectives in building a local economy that works for everyone.

### **Background**

- 13 The Council's Risk Management Strategy requires the regular review of the risks the Council faces.

- 14 In accordance with the Risk Management Strategy, the General Purposes Committee is responsible for monitoring the effective development and operation of risk management in the Council.
- 15 Therefore, the refreshed Corporate Risk Register (**Appendix A**) is presented to the Committee for review and comment.
- 16 The nature of the risks on the Corporate Risk Register means responsibility and ownership overlap with various departments within the Council. For simplicity, each risk has been allocated a maximum of two lead departments. However, this does not absolve other departments from responsibility.
- 17 The Risk Management Team continues to provide oversight, challenge, and advice to departments regarding effective risk mitigation and governance.

### **Main Considerations for the Council**

- 18 Any large complex organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate risks it may face.
- 19 The Audit and Risk Management Service supports management in the identification and mitigation of risks as part of its work.

### **Safeguarding Implications**

- 20 There are no safeguarding implications arising directly from this update from the Audit and Risk Management Service.

### **Public Health Implications**

- 21 Whilst the risk registers are produced to identify risks to Public Health (among other issues) and enable preventative action to be undertaken, there are no Public Health implications arising directly from this update from the Audit and Risk Management Service.

### **Equalities Impact of the Proposal**

- 22 Following the Completion of the Corporate Equalities Impact Assessment initial screening, this report does not have an Equalities impact.

### **Environmental and Climate Change Considerations**

- 23 One of corporate risks (CR17) is in relation to Climate Change, specifically that climate change and severe weather events may result in a disruption to delivery of services across the Council. It is recognised that a key mitigation will be delivery of the Council's adopted Climate Action Plan, which includes a range of actions as well as targets for monitoring progress.

**Risks that may arise if the proposed decision and related work is not taken**

24 Any large complex organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate risks it may face.

25 The Audit and Risk Management Service supports management in the identification and mitigation of risks as part of its work and therefore, if this work is not carried out, reviewed, and followed up, the Council faces the risk of legal, financial, and reputational loss.

**Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

26 N/A

**Financial Implications**

27 There are no specific financial implications related to this report.

**Legal Implications**

28 There are no specific legal implications related to this report.

**Workforce Implications**

29 There are no specific workforce implications related to this report.

**Property Implications**

30 There are no property implications intrinsic to the proposals in this report.

**Other Implications**

31 N/A

**Options Considered**

32 It is generally accepted best practice that a Council's key risks are regularly reviewed by senior stakeholders; therefore, no alternative options have been considered

**Conclusions**

33 The General Purposes Committee is requested to note and provide comment on the refreshed Corporate Risk Register.

34 The General Purposes Committee is requested to agree that going forward, the Corporate Risk Register is reviewed by the Committee twice a year.

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Report Author: Gemma Young  
Head of Internal Audit and Risk Management  
Gemma.Young@Enfield.gov.uk  
Tel: 07900 168938

Date of report 21 February 2022

**Appendices**

Appendix A: Corporate Risk Register

**Background Papers**

None

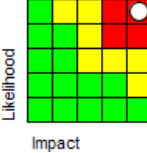
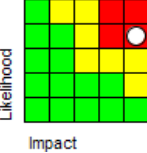
# Appendix A - Corporate Risk Register

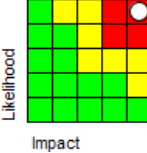
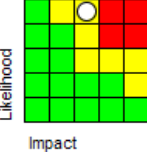
Key:

Risk Level	Risk Response	Monitoring
Low	Accept	Six Monthly
Medium	Mitigate	Quarterly
High	Escalate	Monthly

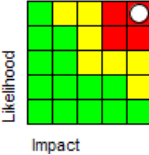
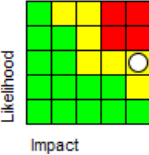
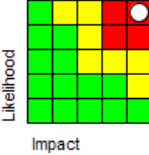
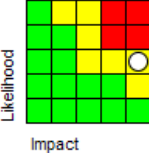
Score	Likelihood	Impact
1	Rare	Insignificant
2	Unlikely	Minor
3	Possible	Moderate
4	Likely	Significant
5	Almost Certain	Critical

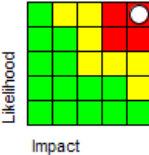
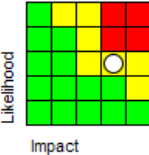
Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
<p><b>CR01 Financial resilience</b> The Council's financial position is adversely affected.</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Non-delivery of agreed savings</li> <li>- Robustness of reserves</li> <li>- Covid-19</li> <li>- Economic downturn</li> <li>- Political change</li> <li>- Change to the funding framework</li> <li>- Construction cost inflation</li> <li>- Interest rate changes</li> </ul> <p><b>Impacts on:</b></p> <ul style="list-style-type: none"> <li>- Delivery of Council functions</li> <li>- Meeting the Council's priorities and ambitions</li> <li>- Reputation</li> </ul>		<ul style="list-style-type: none"> <li>- Monthly reporting and forecasts reviewed by senior management</li> <li>- Budget Pressures board set up</li> <li>- Regular reporting to Executive Management Team &amp; Cabinet</li> <li>- Monitoring of the Council Tax and Business Rates tax base</li> <li>- Contingencies/reserves reviewed annually</li> <li>- Forward planning</li> <li>- 5-year MTFP (Medium Term Financial Plan), 10-year capital programme and treasury strategy</li> </ul>		<ul style="list-style-type: none"> <li>- Ongoing review of adequacy reserves</li> <li>- Fair Funding Review</li> <li>- Keeping up-to-date</li> <li>- Deliver the budget savings agreed in February for 2021/22</li> <li>- Budget pressure challenge boards ongoing process</li> <li>- Ongoing review of Covid-19 pressures</li> </ul>	Resources


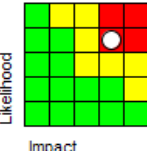
Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
<p><b>CR02 Income maximisation</b> Income from council tax, rents, business rates, debt collections, invoices, grants, traded services, and commercial activities is not maximised</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Staff capacity/shortages caused by Covid-19</li> <li>- Covid-19 income losses persist longer term</li> <li>- Lack of full understanding of grant terms and conditions</li> <li>- Failing to apply for eligible grants</li> <li>- Inefficient Debt management processes</li> <li>- Failure to make timely decisions</li> </ul> <p><b>Impacts on:</b></p> <ul style="list-style-type: none"> <li>- Financial pressures</li> <li>- Inability to deliver services</li> <li>- Restrictions on future aspirations</li> </ul>	 <p>Likelihood</p> <p>Impact</p>	<ul style="list-style-type: none"> <li>- Dedicated Commercial team focussed on supporting services on maximising income</li> <li>- Targets and KPIs regularly monitored</li> <li>- Benchmarking fees and charges with other local authorities</li> <li>- Commercial pipeline</li> </ul>	 <p>Likelihood</p> <p>Impact</p>	<ul style="list-style-type: none"> <li>- Delivering the Payment Programme to make paying easier, more accessible, and efficient</li> <li>- Delivering functionality to issue electronic debt reminder notifications to recover ASH Sundry debt</li> <li>- Implementation of commercial microsite and new CRM (Customer Relationship Management) &amp; CMS (Contact Management System) platform to facilitate payment upfront and booking capability for seamless delivery of services and better customer experience (Customer Experience Programme)</li> <li>- Improve understanding of traded services income and expenditure.</li> <li>- Development of a debt prevention and recovery strategy</li> <li>- Engagement of Analyse Local to identify new rateable properties in the borough to maximise business rate income</li> <li>- Commercial Board to consider opportunities to recover Covid-19 income losses</li> </ul>	Resources


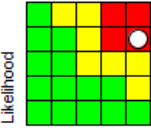
Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
<p><b>CR03 Fraud &amp; Corruption</b> Council being subjected to an incident of organised or high value fraud, bribery and/or corruption</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Ineffective internal controls</li> <li>- Ineffective governance arrangements</li> <li>- Lack of staff training &amp; awareness</li> <li>- Poorly defined and undocumented processes</li> <li>- Changes to control environment caused by remote working arrangements</li> </ul> <p><b>Impacts on:</b></p> <ul style="list-style-type: none"> <li>- Financial loss</li> <li>- Reputational Damage</li> </ul>		<ul style="list-style-type: none"> <li>- Fraud awareness training</li> <li>- Whistleblowing policy</li> <li>- Anti-Fraud strategy and action plan</li> <li>- Reporting to GPC/Executive Management Team. Pursue maximum sanctions in line with policy and regulations</li> <li>- Adequately resourced and qualified internal audit and anti-fraud service</li> <li>- Annual review of anti-fraud policies and procedures</li> <li>- Annual audit plan and implementation of recommendations</li> <li>- Ongoing rigour to ensure that audit actions are implemented in a timely way</li> </ul>		<ul style="list-style-type: none"> <li>- Participation in anti-fraud exercises, including the National Fraud Initiative and a data matching pilot lead by CIFAS</li> <li>- Continue to carry out pre and post award assurance checks for the Covid-19 related grants</li> <li>- The Counter Fraud Operational Plan 2021/22 has been publicised detailing planned work in addition to our core business activities of investigating reactive referrals. These included: <ul style="list-style-type: none"> <li>- Carrying out a review of procurement made through purchase cards (further to audit work) to identify potential fraudulent transactions;</li> <li>- Promoting fraud awareness for staff during International Fraud Awareness Week (14 to 20 November 2021).</li> <li>- Participating in a joint online fraud awareness and audit training event for schools.</li> </ul> </li> <li>- <a href="#">Participating in the London Fraud Hub</a></li> </ul>	Resources

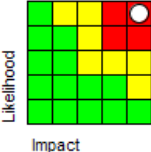
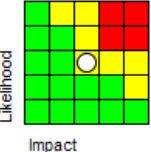


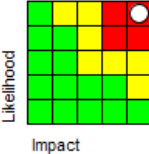
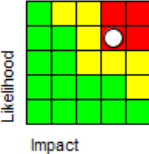
Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
				<p>- The Counter Fraud Operational Plan 2022/23 has been drafted for General Purposes Committee approval and will be publicised following approval</p>	
<p><b>CR04 Data Management</b> Loss, corruption, disclosure, breach or Inefficient utilisation of data</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Inadequate security controls</li> <li>- Poorly defined and undocumented processes</li> <li>- Lack of effective staff training</li> </ul> <p><b>Impacts on:</b></p> <ul style="list-style-type: none"> <li>- Reputational damage</li> <li>- Legal action</li> <li>- Financial penalties (due to non-compliance with Data Protection / GDPR / PCI legislation.)</li> <li>- Increase in customer complaints</li> </ul>		<ul style="list-style-type: none"> <li>- Data Protection Officer (DPO) in place</li> <li>- Mandatory E-Learning for all staff</li> <li>- Acceptable use policy in place</li> <li>- FOI (Freedom of Information) team in place with regular monitor of responses</li> <li>- IGB (Information Governance Board) in place</li> <li>- Regular reminders sent to staff</li> <li>- Cyclical audit of governance arrangement</li> <li>- GDPR training, policies and retention schedule have been reviewed / updated and signed off at IGB</li> </ul>		<ul style="list-style-type: none"> <li>- Communication and implementation of clear desk policy, security measures and access control</li> <li>- Embedding of Information Governance culture and best practice</li> <li>- Communicating procedures for reporting breaches</li> </ul>	Resources
<p><b>CR05 Duty of Care</b> Failure of statutory and/or safeguarding duties to adults, children, employees, residents and businesses within the Borough</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Staff capacity issues caused by</li> </ul>		<ul style="list-style-type: none"> <li>- Safeguarding procedures</li> <li>- Policies</li> <li>- DBS checks for staff and volunteers</li> <li>- Performance monitoring of contractors/partners</li> <li>- Multi-Agency Safeguarding Hubs</li> <li>- Adults &amp; children's services combined under one directorate</li> </ul>		<ul style="list-style-type: none"> <li>- Planned programme of audits covering children and adults safeguarding</li> <li>- External Inspections (Internal controls help to manage and reduce risk, but risk cannot be eliminated from this area of work)</li> </ul>	People

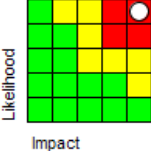
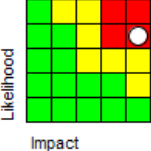
Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
<p>Covid-19</p> <ul style="list-style-type: none"> <li>- Pressure within social work</li> <li>- Difficulty in recruiting</li> <li>- Poorly defined and undocumented processes and controls</li> <li>- Increased demand</li> <li>- Capacity of legal expertise</li> <li>- Unable to meet clinical needs in a timely manner</li> <li>- Social care Provider failure (insufficient council monitoring of the market and support of existing providers)</li> <li>- Lack of investent in provision for some services</li> </ul> <p><b>Impacts on:</b></p> <ul style="list-style-type: none"> <li>- Harm/distress to individuals or families,</li> <li>- Legal challenges</li> <li>- Reputational damage</li> <li>- Increase in complaints</li> </ul>		<ul style="list-style-type: none"> <li>- Internal audit and quality assurance processes</li> <li>- Risk management panel</li> <li>- Complaints &amp; compliments system</li> <li>- Assurance Board</li> </ul>			
<p><b>CR06 Customer Demand</b> Increasing or decreasing demand changes (e.g., population, demographics, political etc.)</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Misallocation of resources.</li> <li>- Impact of covid increasing demand on services</li> </ul> <p><b>Impacts on:</b></p>	 <p>Likelihood</p> <p>Impact</p>	<ul style="list-style-type: none"> <li>- Eligibility criteria for services</li> <li>- Making Every Contact Count (MECC) for staff</li> <li>- Services are focussed on early help and enablement to prevent escalation of need</li> <li>- MyLife Portal &amp; Eclipse implementation complete (HASC Transformation Programme)</li> <li>- Development of the Children’s Portal (Children’s Transformation</li> </ul>	 <p>Likelihood</p> <p>Impact</p>	<ul style="list-style-type: none"> <li>- Predictive analytics</li> <li>- Increasing SEN Places in the borough</li> <li>- Monitor the housing market</li> <li>- Improve self-serve options for customers</li> <li>- Build capacity in customers to resolve issues</li> <li>- New homelessness prevention service model and Board</li> <li>- New Community Solutions Hub</li> </ul>	People; Place

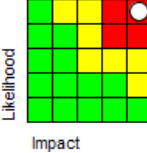
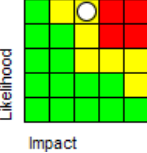
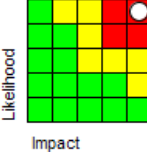
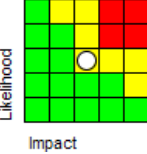
Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
<ul style="list-style-type: none"> <li>- Delivery of Council functions (including housing, construction, homelessness, people with no recourse to public funds, school places, financial assessments etc)</li> <li>- Increased pressure on adult social care and children's &amp; families services</li> <li>- Increase in customer complaints</li> </ul>		<ul style="list-style-type: none"> <li>Programme)</li> <li>- Models of social work practice</li> <li>- Smoking cessation</li> <li>- Sexual health</li> <li>- Substance misuse services</li> </ul>		<ul style="list-style-type: none"> <li>and Project (Customer Experience Programme) addressing demand failure and prevention.</li> </ul>	
<p><b>CR07 Digital Technology</b> Failure of the Council's digital technology</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Cyber-attack</li> <li>- Data breach</li> <li>- Hardware failure</li> <li>- Failing to deliver agreed upgrade programme</li> <li>- Software falls into obsolescence</li> </ul> <p><b>Impacts on:</b></p> <ul style="list-style-type: none"> <li>- Severe disruption of service delivery</li> <li>- Financial costs</li> <li>- Reputational damage (due to an inability to work and communicate)</li> </ul>		<ul style="list-style-type: none"> <li>- Regular audits</li> <li>- Acceptable use policy and cyber security</li> <li>- Mandatory staff E-Learning on Acceptable use policy and cyber security policy</li> <li>- Raised Awareness regarding Cyber Attacks, including simulated tests to measure compliance (e.g. Phishing)</li> <li>- Business continuity plan in place and to be reviewed regularly. Further review with Emergency Planning to review all BCP's focussing on DS/IT support – to be done in 21/22</li> <li>- Resilient infrastructure e.g. backup, Data servers</li> <li>- Data recovery service in place</li> <li>- Network Upgrade</li> <li>- Introduction of new tools to support remote working (Forticlient and Multi Factor Authentication)</li> <li>- Disaster Recovery Plan review and Test Programme to be run in 21/22</li> <li>- Security Assurance Board in place</li> </ul>		<ul style="list-style-type: none"> <li>- Ongoing improvement of the infrastructure Resilience through the delivery of the infrastructure programme.</li> <li>- Complete the new device rollout programme and ongoing hardware refresh</li> <li>- Complete the IT restructure and recruitment, building a procurement and contract management capability to manage supplier relationships effectively.</li> <li>- Delivery of Remediation Programme</li> </ul>	Resources

Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
<p><b>CR08 Major Incident</b> Failure to respond adequately following a major incident that impacts the Borough that adversely affects the Council</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Pandemic</li> <li>- Terrorism</li> <li>- Natural disasters</li> <li>- Flooding</li> <li>- Fire</li> <li>- Riots</li> <li>- Covid-19 Omicron variant</li> </ul> <p><b>Impacts on:</b></p> <ul style="list-style-type: none"> <li>- Significant financial loss</li> <li>- Disruption of services</li> <li>- Harm/distress to vulnerable people</li> <li>- Reputational damage</li> <li>- Staff absence</li> </ul>	 <p>Likelihood</p> <p>Impact</p>	<ul style="list-style-type: none"> <li>- Business Continuity Management Board</li> <li>- Staff training</li> <li>- Adequate Insurance in place</li> <li>- Corporate Business Continuity (BC) plan in place</li> <li>- Departmental business continuity plans in place</li> <li>- Staff are adequately trained to respond</li> <li>- Staff volunteers to assist in responding</li> <li>- Out of hours response team</li> <li>- Incident management policies</li> <li>- Additional officers have led to an increase in resilience within the Emergency Planning team</li> <li>- Strategic Training with the Emergency Planning College (EPC) – 3 Golds and 3 members of Emergency Planning Team have received training.</li> <li>- Chief Executive and Director of Law and Governance have completed Multi Agency Gold Incident Commander (MAGIC) training.</li> <li>- Implementation of COVID-19 infection control measures and government guidance.</li> <li>- Ongoing communication with staff about the risk of COVID-19 and how</li> </ul>	 <p>Likelihood</p> <p>Impact</p>	<ul style="list-style-type: none"> <li>- Department &amp; Service BC Plans are constantly being updated and reviewed during COVID-19</li> <li>- Corporately Services and Departments have reviewed plans in line with lessons learnt from COVID-19</li> <li>- Multi Agency Gold Incident Commander (MAGIC) training to be arranged for 3 Council Golds.</li> <li>- Tactical Training with the Emergency Planning College will be arranged for all Council Silvers. Four Council Silvers and 1 Emergency Planning Officer (EPO) will be attending the EPC in December. The remaining Council Silvers and 2 EPOs will book to attend in 2022, EPC will be releasing dates in the near future</li> <li>- Amend COVID-19 staff risk assessments as and when needed</li> <li>- Continue to monitor COVID-19 government guidance and provide updated communications to staff.</li> <li>- <a href="#">Council Gold and Silver meeting in response to current risk as</a></li> </ul>	<p>Chief Executives</p>

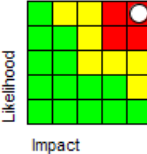
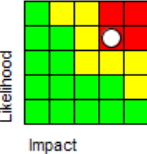
Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
		to mitigate risk. - Individual staff risk assessments for COVID-19 - Supporting staff to maintain health and wellbeing (including mental wellbeing) during the pandemic		appropriate	
<p><b>CR09 Health &amp; Safety</b>            If there is an avoidable incident affecting staff or tenants (residential &amp; commercial)</p> <p><b>Caused by:</b>            - Not complying with Health &amp; Safety requirements for buildings            - Lack of staff training and awareness            - Changes due to new flexible working arrangements</p> <p><b>Impacts on:</b>            - Injury/death            - Legal challenge            - Reputational damage            - Fines            - Increase in insurance claims            - Regulatory enforcement action</p>		<ul style="list-style-type: none"> <li>- H&amp;S Procedures</li> <li>- Training / E-learning</li> <li>- Occupational Health provider</li> <li>- Highway maintenance</li> <li>- Winter Maintenance plan</li> <li>- Grounds Maintenance</li> <li>- Asbestos awareness</li> <li>- Corporate policies and processes in place to effectively manage the Council's operations</li> <li>- Robust risk management systems are in place to control operational risks</li> <li>- Corporate training programmes are in place to ensure staff have the skills and knowledge required to operate safely and mitigate risk to relevant persons</li> <li>- Adequate systems are in place to manage statutory compliance across the residential and Corporate Landlord portfolios with planned improvements to provide robust management</li> <li>- Appropriate performance monitoring and reporting to provide assurance</li> </ul>		<ul style="list-style-type: none"> <li>- Regular reports to Corporate H&amp;S Committee and Assurance Board</li> <li>- Ensuring works comply with legislation, codes of practice and contracts are performance managed</li> <li>- <b>Health and Safety to be included in decision making when setting budgets for 22/23</b></li> </ul>	Place

Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
		via the Corporate Health and Safety Management Plan, the Departmental and Corporate Performance reports, the Departmental and Corporate Health and Safety Committees and the Council's Corporate Assurance Board - Reports to Assurance Board every other month and Corporate H&S committee every quarter			
<p><b>CR10 Housing</b>            Failure to deliver the housing strategy and respond to the changing regulatory environment around Council housing delivery</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Affordability (Borrowing Cap)</li> <li>- Construction cost inflation</li> <li>- Poor programme management</li> <li>- Insufficient staff capacity</li> </ul> <p><b>Impacts on:</b></p> <ul style="list-style-type: none"> <li>- Increasing homelessness and demand on other areas of the Council</li> <li>- Regulatory intervention</li> <li>- Inadequate supply of social and private sector properties within the Borough</li> </ul>		<ul style="list-style-type: none"> <li>- Housing strategy in place, with teams and resources in place to deliver</li> <li>- Continually review policies to keep abreast of current climate and good practice</li> <li>- Housing Strategy published (3,500 council owned homes programme agreed)</li> <li>- Low Yield programme lead in place.</li> </ul>		<ul style="list-style-type: none"> <li>- Monitor housing delivery through the Housing Delivery Board</li> <li>- Regular meetings to monitor service delivery capacity among management and HR</li> <li>- We will continue to scan the horizon in order to prepare for major changes in the housing sector including: the introduction of a new Regulator for Social Housing Standards; and changes to the powers of the Housing Ombudsman such as enforcement action and a new compensation regime</li> <li>- Proposals to intensify existing estate regeneration schemes in progress.</li> <li>- Meridian Water Phase 2 100% affordable housing out to procurement</li> </ul>	Place

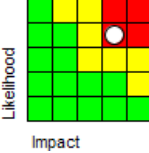
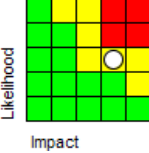
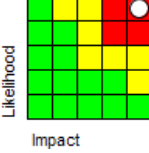
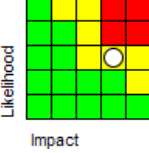
Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
				<ul style="list-style-type: none"> <li>- Preparing to address the requirements to meet the regulatory standards.</li> <li>- Reviewing complaints handling within the service</li> <li>- Looking at organisational learning to make long term service improvements</li> </ul>	
<p><b>CR11 Regeneration &amp; Growth</b>            Failure to improve and regenerate the Borough agreed objectives and targets through economic regeneration, capital projects (e.g., Meridian Water.) open spaces, parks, and highways</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Affordability (Borrowing Cap)</li> <li>- Construction cost inflation</li> <li>- Poor programme management</li> </ul> <p><b>Impacts on:</b></p> <ul style="list-style-type: none"> <li>- Reputational damage</li> <li>- Financial loss</li> <li>- Opportunity loss</li> <li>- Negatively impacts on the wellbeing of residents and businesses.</li> <li>- Could lead to Enfield becoming an undesirable location to businesses</li> </ul>		<ul style="list-style-type: none"> <li>- Close attention to recruitment and skills of council.</li> <li>- Using independent specialist advisors</li> <li>- Capital Board reporting</li> <li>- Ensure executive oversight of major schemes</li> <li>- Monthly risk reviews of all major projects</li> <li>- Detailed risk register for Meridian Water in place</li> </ul>		<ul style="list-style-type: none"> <li>- Build in-house capacity to deliver GLA capacity funding</li> <li>- Ensure robust procurement controls and contact management by in house staff</li> <li>- Improve risk registers in housing development</li> </ul>	Place

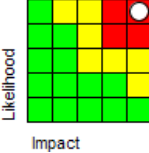
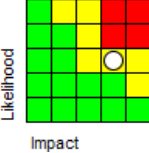
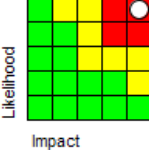
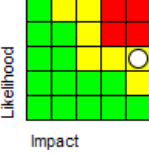
Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
<p><b>CR12 Supply Chain &amp; Contract Management</b> Failure to effectively commission, procure and manage its key contractors or partners</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Inadequate contract management</li> <li>- Lack of staff training</li> <li>- Lack of clear policies and procedures</li> <li>- Non adherence to policies and procedures</li> <li>- Poor procurement practices</li> </ul> <p><b>Impacts on:</b></p> <ul style="list-style-type: none"> <li>- Unable to deliver key services</li> <li>- Demonstrating value for money</li> <li>- Supplier failure</li> </ul>	 <p>Likelihood</p> <p>Impact</p>	<ul style="list-style-type: none"> <li>- New Contract Procedure Rules (CPR)</li> <li>- P&amp;C Board</li> <li>- Commercial board</li> <li>- Staff training</li> <li>- London Tender Portal</li> <li>- Single Contract registers for the council</li> <li>- Reporting non-compliance to audit committee</li> <li>- Performance monitoring</li> <li>- Updated contract management guide has been put on the intranet</li> <li>- Departmental contract boards – now up and running</li> </ul>	 <p>Likelihood</p> <p>Impact</p>	<ul style="list-style-type: none"> <li>- Review of Contract procedure rules</li> <li>- Review Training</li> <li>- Improvement plan to ensure consistent good practice across organisation</li> <li>- Ongoing review and improvement to the quality of the information held on contract register</li> <li>- Training strategy to support the upskilling of staff in contract management drafted. Audit completed; implementation of actions ongoing</li> <li>- Supplier Resilience programme started in Place, Resources &amp; CEX to review impact of COVID-19 on supply chain</li> <li>- Wider Procurement Team restructure nearing completion and key posts recruitment has been undertaken effective from mid-February 2022</li> </ul>	Resources
<p><b>CR13 Commercial Ventures</b> The Council's commercial ventures (Energetik, HGL, Montagu etc.) fail or perform poorly</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Affordability (Borrowing Cap)</li> </ul>	 <p>Likelihood</p> <p>Impact</p>	<ul style="list-style-type: none"> <li>- Line of delegation and reserve matters for LBE shareholder decisions</li> <li>- Quarterly reporting of company performance against business plan targets</li> <li>- Annual submission of company</li> </ul>	 <p>Likelihood</p> <p>Impact</p>	<ul style="list-style-type: none"> <li>- Review Public Interest Reports from other authorities and draw up action plans for Enfield.</li> <li>- Review of SLA efficiency and effectiveness</li> <li>- State Aid compliance review</li> <li>- Document process for</li> </ul>	Resources

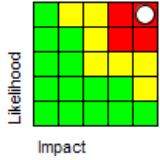
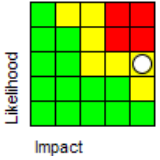
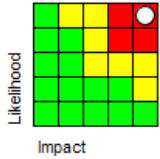
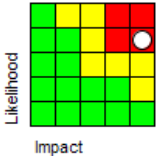


Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
<p>- Inadequate performance monitoring</p> <p><b>Impacts on:</b></p> <ul style="list-style-type: none"> <li>- Significant reputational damage</li> <li>- Financial loss</li> <li>- Failure to meet Council objectives</li> </ul>		<ul style="list-style-type: none"> <li>business plans</li> <li>- Governance review and action plan in place</li> <li>- Council member and officer presence on all company Boards</li> <li>- Separate risk register for the companies have been developed</li> </ul>		<ul style="list-style-type: none"> <li>considering Energetik extensions</li> <li>- Expanding monitoring to separate HGL business units</li> </ul>	
<p><b>CR14 Staffing</b> Excessive workloads placed on staff and an overreliance on key staff</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- If the organisation does not live its values and behaviours</li> <li>- Lack of succession planning</li> <li>- Poor working conditions</li> <li>- Industrial action</li> </ul> <p><b>Impacts on:</b></p> <ul style="list-style-type: none"> <li>- Inability to recruit/retain key staff</li> <li>- Increased costs due to agency staff</li> <li>- Increased stress, sickness &amp; absence</li> <li>- Staff wellbeing &amp; performance</li> <li>- Service delivery</li> <li>- Statutory responsibilities</li> <li>- Knowledge loss</li> <li>- Staff morale</li> </ul>		<ul style="list-style-type: none"> <li>- Recruitment &amp; selection policies reviewed</li> <li>- Flexible working</li> <li>- Mentoring schemes</li> <li>- Regular review of the use of agency staff</li> <li>- Regular review of staff absence</li> <li>- Benefits package</li> <li>- Alternate rewards</li> <li>- Training and development</li> <li>- Recruitment &amp; Selection training for managers is live</li> <li>- Departmental CPD budgets established and sit within each department</li> <li>- Regular agency spend challenge is in place with the aim to reduce long term agency placements</li> <li>- Employee experience programme, linked to leadership and culture are being delivered</li> <li>- Second year of Social Work Apprenticeship is now in place. Exploring overseas social worker recruitment</li> </ul>		<ul style="list-style-type: none"> <li>- Technology to support flexible engaging recruitment practises.</li> <li>- Digital Service Strategy was discussed at SDB on 10 Nov 2020, ERP (Enterprise Resource Planning) was agreed as the preferred organisational tool</li> <li>- An ERP Board is to be set up and chaired by Executive Director, Resources. This has been deferred to April 2022</li> <li>- The agency reduction plan and targets have been refreshed for the financial year 2021/2022 and is now being implemented. Regular update and review meetings are taking place with senior officers and the Cabinet Lead for Finance to ensure compliance</li> <li>- New apprenticeship strategy and plan has been developed, and will be implemented</li> <li>- Workforce strategy 2018-21 is</li> </ul>	Chief Executives

Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
		<ul style="list-style-type: none"> <li>- Each department runs a Staff Seminar every quarter</li> <li>- Business continuity plans in place for all services</li> </ul>		<ul style="list-style-type: none"> <li>due to be refreshed to ensure the people element is integrated into the Council Plan and to ensure the Council has the right workforce to deliver objectives.</li> <li>- Identify how Services might prioritise activities for significantly reduced workforce.</li> <li>- Ongoing recruitment underway to fill vacant positions. For example, overseas recruitment for social worker vacant posts, MFS and golden hellos for critical hard to fill posts.</li> <li>- New applicant tracking system (ATS) will be procured and implemented to improve candidate and internal user experience. This will be in advance of the integrated ERP system due to the retirement of current I-Grasp in December 2022</li> <li>- Pilot scheme underway to train mental health first aiders across the Council to support the workforce on mental health related matters</li> </ul>	

Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
<p><b>CR15 Tax</b> Getting the partial tax exemption wrong</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Complicated commercial arrangements</li> <li>- Regen programmes</li> <li>- Complexity of VAT, Corporation Tax and SDLT (Stamp Duty Land Tax)</li> <li>- Lack of awareness by services aware of their responsibilities around tax</li> </ul> <p><b>Impacts on:</b></p> <ul style="list-style-type: none"> <li>- £2m hit to revenue</li> <li>- HMRC fines</li> </ul>		<ul style="list-style-type: none"> <li>- A new monthly tax meeting takes place.</li> <li>- A plan of improvement is being developed to ensure that VAT in particular is being robustly monitored and so that risks are flagged early.</li> <li>- Finance is now involved in most SDLT decision-making conversations</li> <li>- A new mailbox has been created</li> </ul>		<ul style="list-style-type: none"> <li>- The Council plans to send out a formal email to all key officers, particularly project managers about the need to seek tax advice and to ensure that all projects are opted to tax</li> <li>- SharePoint will be set up with all records in one spot for all of the Council so there is one version of the truth</li> <li>- The Tax Officer is reviewing and projecting future tax liabilities to assess the options to manage the partial VAT exemption under the 5% threshold</li> </ul>	Resources
<p><b>CR16 Community Cohesion</b> Heightened tensions in the community</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Political events</li> <li>- Significant national or international incidents</li> </ul> <p><b>Impacts on:</b></p> <ul style="list-style-type: none"> <li>- Violence causing injury or death</li> <li>- Financial loss</li> <li>- Property damage</li> <li>- Reputational damage</li> </ul>		<ul style="list-style-type: none"> <li>- A number of partnership meetings with the police enable a good flow of information sharing to highlight specific risks and provide an opportunity for the Council to contribute as part of wider local partnership- e.g. CCTV</li> <li>- Heightened awareness, targeted projects</li> </ul>		<ul style="list-style-type: none"> <li>- Development of pan London protocols to deal with unlicensed events</li> <li>- Targeted outreach, information sharing and a number of strategies including Community Safety Partnership Plan</li> </ul>	People

Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
<p><b>CR17 Climate Change</b> Climate change and severe weather events</p> <p><b>Caused by:</b> - If the Council does not meet its targets published in the Climate Action Plan</p> <p><b>Impacts on:</b> - Disruption to delivery of services - Financial costs - Reputational damage - Legal action - Wellbeing consequences</p>	 <p>Likelihood</p> <p>Impact</p>	<ul style="list-style-type: none"> <li>- The council has invested heavily in the delivery of a number of flood mitigation schemes in recent years</li> <li>- Declaration of climate emergency</li> <li>- Climate action plan agreed</li> </ul>	 <p>Likelihood</p> <p>Impact</p>	<ul style="list-style-type: none"> <li>- Implementation of action plan</li> </ul>	Place
<p><b>CR18 Equality, Diversity, and Inclusion</b> Council does not meet its targets set out in the Fairer Enfield Policy 2021-25</p> <p><b>Caused by:</b> - Lack of training - Unclear policies and procedures - Lack of awareness of responsibilities by staff</p> <p><b>Impacts on:</b> - Reputational damage - Missed opportunity to improve equality, diversity and inclusion - Legal challenge - Financial impact</p>	 <p>Likelihood</p> <p>Impact</p>	<ul style="list-style-type: none"> <li>- Equality, Diversity &amp; Inclusion Policy developed</li> <li>- Equalities Annual Report agreed with Cabinet</li> <li>- The Equality webpage was updated, in to reflect the new Fairer Enfield Policy</li> <li>- Corporate Equalities Board established and will provide oversight and governance in respect of the new policy</li> <li>- Additional scrutiny supplied by the new Member chaired Equalities Board</li> <li>- New Equalities Impact Assessment template and guidance in place</li> <li>- Copies of EqlAs are maintained as part of each service's records</li> </ul>	 <p>Likelihood</p> <p>Impact</p>	<ul style="list-style-type: none"> <li>- Implementation phase of Equality, Diversity &amp; Inclusion Policy ongoing</li> <li>- The Corporate Equalities Board will review progress made towards achieving equalities objectives annually.</li> <li>- <a href="#">A new staff pulse survey is in development which will measure the proportion of staff from different protected groups who feel valued, their perceptions of engagement and access to training and development opportunities</a></li> </ul>	Chief Executives

Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
		<ul style="list-style-type: none"> <li>- L&amp;D have rolled out a programme of equalities training package.</li> </ul>			
<p><b>CR19 Legislation, Regulations, and Standards</b> Council does not comply or is slow to respond to new or changed legislation, regulations, and standards</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Changes in legislation</li> <li>- Lack of awareness of standards required in profession</li> <li>- Lack of training</li> </ul> <p><b>Impacts on:</b></p> <ul style="list-style-type: none"> <li>- Reputational damage</li> <li>- Legal action</li> <li>- Financial penalties</li> <li>- Poor external assessment</li> </ul>		<ul style="list-style-type: none"> <li>- Horizon scanning carried out by Services</li> <li>- Membership of professional organisations, journals, and websites to keep up-to-date with changes</li> <li>- Updated training available via iLearn</li> <li>- Guidance and policies published on intranet and Council's website</li> <li>- Legal team is up to date with current legislation.</li> <li>- Regular reviews of policies. Recent updates include Procurement, Equalities and Climate</li> </ul>		<ul style="list-style-type: none"> <li>- Preparations ongoing for major changes in the housing sector including: the introduction of a new Regulator for Social Housing Standards; and changes to the powers of the Housing Ombudsman such as enforcement action and a new compensation regime</li> </ul>	Chief Executives
<p><b>CR20 - Financial Management</b> The Council fails to maintain its financial controls and or has its Statement of Accounts (SOA) qualified</p> <p><b>Caused by:</b></p> <ul style="list-style-type: none"> <li>- Staff capacity</li> <li>- Unclear policies and procedures</li> <li>- Lack of understanding of responsibilities</li> <li>- Knowledge loss through restructures and leavers</li> </ul>		<ul style="list-style-type: none"> <li>- General Purposes Committee and Assurance Board review of audit actions</li> <li>- Director of Finance has oversight of SOA</li> <li>- Plan of improvement reviewed and updated to GPC.</li> <li>- Bi-weekly meetings by 3 most senior finance officers</li> <li>- Schools have been updated with changes</li> </ul>		<ul style="list-style-type: none"> <li>- Restructure in Corporate Finance to review opportunities to strengthen team</li> <li>- General Purposes Committee to be updated monthly</li> <li>- Lead Member updated weekly</li> <li>- External audit underway</li> <li>- CIPFA Financial Management review underway</li> </ul>	Resources

Risk Title & Description	Original Risk	What we have done so far (Existing Risk Mitigations)	Current Risk	What we still need to do (Further Planned Actions)	Lead Department
<b>Impacts on:</b> - Significant reputational damage with stakeholders (customers, residents, suppliers and public bodies)					

**London Borough of Enfield****General Purposes Committee****3 March 2022**

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**Subject: 2022/23 Risk Management Strategy and Risk Operating Plan****Cabinet Member: Cllr Mary Maguire, Cabinet Member for Finance and Property****Executive Director: Fay Hammond, Executive Director Resources****Key Decision: N/A**

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**Purpose of Report**

1. This report presents the revised Risk Management Strategy and 2022/23 Risk Operating Plan.

**Proposal**

2. The General Purposes Committee is requested to note and provide comment on the Risk Management Strategy and Risk Operating Plan.
3. The General Purposes Committee is requested to agree that going forward:
  - the Risk Management Strategy will receive a major review every three years, at which time it will be brought to the Committee for approval
  - the Risk Management Strategy, together with the Risk Operating Plan, will be approved by the Executive Management Team annually.

**Reason for Proposal**

4. The Risk Management Strategy and Risk Operating Plan are being brought to the attention of the General Purposes Committee in line with the terms of reference of the Committee.
5. The Council's Risk Management Strategy requires the regular review of the Risk Management Framework by the General Purposes Committee.

## Relevance to the Council's Plan

### Good Homes in Well-Connected Neighbourhoods

6. An effective Audit and Risk Management Service helps to provide assurance over any risks that might adversely affect the delivery of good homes in well-connected neighbourhoods.

### Safe, Healthy and Confident Communities

7. An effective Audit and Risk Management Service is an essential management tool which will help the Council achieve its objectives to sustain safe, healthy and confident communities.

### An Economy that Works for Everyone

8. An effective Audit and Risk Management Service will help the Council achieve its objectives in building a local economy that works for everyone.

## Background

9. It is good practice to review an organisation's strategic approach to risk management on a regular basis to deliver assurance that it remains appropriate and effective.
10. Only minor changes have been made to the Risk Management Strategy. These are:
  - Clarification on mandatory risk registers and the frequency of risk register reviews.
  - Mandating the use of the Council's risk software to log all risk registers.
11. The Executive Management Team has been consulted on this update of the Risk Management Strategy which is attached at **Appendix 1**.
12. Delivery of the Risk Management Strategy is supported by a Risk Operating Plan (**Appendix 2**).
13. This operating plan is key to improving the Council's risk maturity level and outlines practical steps to further embed risk management during the upcoming year,
14. Our current assessment of the Council's risk maturity level remains as **Developing** (defined by the Institute of Risk Management as being "aware of the need for good risk management but not yet fully committed to the concept") and our ambition remains to become **Proficient** (defined as "Risk management is established and becoming mainstreamed and less noticeable as a separate activity").
15. Although our risk maturity level has remained at Developing, some key Risk Management achievements were made in 2021/22:



- A full refresh of the Corporate Risk Register (CRR) was carried out; the format was enhanced, and a new schedule was introduced to ensure the CRR is more responsive and active.
- A bespoke one day risk management training course was developed with an external trainer and offered to all staff. This was delivered to over 100 staff from across the Council.
- Increased utilisation of the Council's risk management software for recording and monitoring Departmental, Director level and Service risk registers.

16. Key highlights from the 2022/23 Risk Operating Plan are:

- Increased focus on risk management awareness and communications.
- Forward looking horizon scanning and peer review of the Corporate Risk Register
- Building on the risk management training by offering further sessions and enhancing our e-learning training modules.
- Improving reporting by utilising the growing data available on the Council's risk management software

17. To streamline processes, it is proposed that going forward the Risk Management Strategy receives a major review every three years, at which time it will be brought to the General Purposes Committee for approval.

18. It also proposed that the Risk Management Strategy, together with the Risk Operating Plan, will be approved by the Executive Management Team annually.

### **Main Considerations for the Council**

19. Any large complex organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate risks it may face.

20. The Audit and Risk Management Service supports management in the identification and mitigation of risks as part of its work.

### **Safeguarding Implications**

21. There are no safeguarding implications arising directly from this update from the Audit and Risk Management Service.

### **Public Health Implications**

22. There are no Public Health implications arising directly from this update from the Audit and Risk Management Service.

### **Equalities Impact of the Proposal**

23. Following the Completion of the Corporate Equalities Impact Assessment initial screening, this report does not have an Equalities impact.

### **Environmental and Climate Change Considerations**

24. There are no Environmental and Climate Change implications arising directly from this update from the Audit and Risk Management Service.

### **Risks that may arise if the proposed decision and related work is not taken**

25. Any large complex organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate risks it may face.

26. If this work is not carried out, reviewed and followed up, the Council faces the risk of legal, financial and reputational loss.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

27. N/A

### **Financial Implications**

28. There are no specific financial implications related to this report.

### **Legal Implications**

29. There are no specific legal implications related to this report.

### **Workforce Implications**

30. There are no specific workforce implications related to this report.

### **Property Implications**

31. There are no property implications intrinsic to the proposals in this report.

### **Other Implications**

32. N/A

## Options Considered

33. The Council's Risk Management Strategy requires the regular review of the Risk Management Framework by the General Purposes Committee; therefore, no alternative options have been considered

## Conclusions

34. The General Purposes Committee is requested to note and provide comment on the Risk Management Strategy and Risk Operating Plan

35. The General Purposes Committee is requested to agree that going forward:

- the Risk Management Strategy will receive a major review every three years, at which time it will be brought to the Committee for approval
- the Risk Management Strategy, together with the Risk Operating Plan, will be approved by the Executive Management Team annually.

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Date of report 21 February 2022

## Appendices

**Appendix 1:** Risk Management Strategy  
**Appendix 2:** 2022/23 Risk Operating Plan

## Background Papers

None

# Enfield Council

## Risk Management Strategy 2022/23

Making better decisions

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## Foreword

We all manage risk – often without realising it. The very nature of risk makes it part of everything we do. We live and work in an ever-changing environment which brings about uncertainty. That uncertainty brings new risks, both opportunities and threats. Our management of these is crucial in helping us meet our objectives whilst also improving service delivery, achieving value for money and reducing unwelcome surprises.

We believe in the value of effectively managing risk as it informs business decisions; enables a more effective use of limited resources; enhances strategic and business planning; strengthens contingency planning and is key in **making better decisions**. None of this is possible without a positive and supportive risk culture. A culture which encourages openness and discusses issues in a realistic manner.

## Requirement for Risk Management

London Borough of Enfield (the Council) acknowledges its statutory responsibility to manage risks and deliver cost effective and efficient services (Accounts and Audit Regulations 2015). The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

In discharging this responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective delivery of its functions, which include arrangements for the management of risk.

## Purpose of this document

This strategy is a formal acknowledgement of the Council's commitment to risk management. It does not aim to bring about a one-size-fits-all approach to managing risks, as this approach would be unlikely to work for such varied departments within the Council. However, it does aim to provide a high-level framework and details of good practice that can help manage risks whilst also allowing flexibility for teams, managers and individuals to adapt as necessary.

## Risk Maturity

The development of risk management is different in every organisation and even more so for Local Authorities. To effectively improve we must measure where we are, against where we want to be. One method of doing this is to use a risk maturity model.

The model we are using has been developed by the Institute of Risk Management and has four stages:

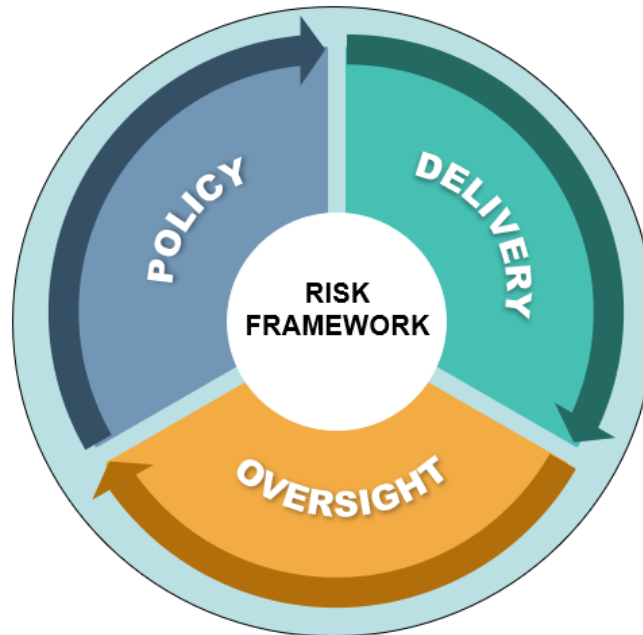
Maturity level	Summary
1. Conscious	Aware of risk management but unsure how to 'make it happen'.
2. Developing	Aware of the need for good risk management but not yet fully committed to the concept.
3. Proficient	Risk management is established and becoming mainstreamed and less noticeable as a separate activity.
4. Expert	Risk management is embedded at all levels within the organisation on a consistent basis.

(A detailed breakdown of these stages is provided in **Appendix A**)

Based on the current stage of progress and approach to risk, the Council has currently assessed itself as *Developing* and is currently working towards becoming *Proficient*.

## Risk Framework

To aid in the development of risk management, we have moved away from the Traditional Risk Management (TRM) model to a more cohesive Enterprise Risk Management (ERM) model where Everyone's a Risk Manager. To facilitate this, we have developed a simple framework that allows for continual improvement and involves everyone. This framework is composed of three parts which all feed into each other as shown below.



As part of this framework, everyone has a clear role to play in establishing and maintaining a positive risk culture to ensure risks are managed.

- Those involved in *Delivery* have accountability and ownership of risks
- Those involved in *Policy* provide advice and training
- Those involved in *Oversight* provide challenge and assurance

## Responsibility

The below diagram provides details of responsibility for each part of the Risk Framework.

### Delivery

- Full Council / Cabinet
- Executive Management Team
- Departmental Management Teams
- Service Management Teams
- Programme, Project (and other) Boards
- All Staff

### Policy

- Risk Management Team
- Risk Management Group

### Oversight

- Internal Audit
- General Purposes Committee
- Assurance Board

Whilst all staff are expected to manage risk in their day to day activities and should, as a minimum, understand how to identify and escalate risks, the level of responsibility and management accountability will depend on their role within the Council. This is defined in more detail in **Appendix B**.

## Risk Process

To manage risk, an organisation needs to know what risks it faces and have a process for managing them.

The process we use is broken down into four stages;

1. **Identify** (Risks need to be known.)
2. **Assess** (Risks needs to be prioritised.)
3. **Control** (Risks need to be mitigated.)
4. **Review** (Risks need to be monitored.)

More detail is provided on these stages in the accompanying Risk Manual.

## Risk Appetite

The Council is a diverse organisation, and our risk appetite guides how much risk we are willing to take to meet our objectives. We recognise that we need to take risks to achieve our targets set in the Corporate Plan and our risk appetite reflects our current position of how much risk we are willing to take and seek.

Our current risk appetite is as follows:

**The Council is willing to accept risks with a score below 8. Risks with a score of 9-15 will be accepted if mitigations are put in place. Any risk with a score above 16 is beyond the current risk appetite and requires escalation to at least one management level above.**

This is summarised in the table below:

Risk Score	Risk Level	Risk Response	Monitoring	Appetite
1-8	Low	Accept	Six Monthly	<ul style="list-style-type: none"> <li>• Risk accepted</li> <li>• No mitigation required</li> </ul>
9-15	Medium	Mitigate	Quarterly	<ul style="list-style-type: none"> <li>• Risk accepted <b>if</b> mitigations put in place</li> </ul>
16-25	High	Escalate	Monthly	<ul style="list-style-type: none"> <li>• Above Council's <b>Risk Appetite</b></li> <li>• Mitigations <b>must</b> be put in place</li> <li>• Risk must be <b>Escalated</b> to at least <b>one</b> managerial level</li> <li>• If escalated to EMT, the risk will be considered for inclusion on the <b>Corporate Risk Register</b> by EMT</li> </ul>



The risk scores, which are calculated by multiplying the *Likelihood* (probability of an event occurring) score by the *Impact* (how significant the event is) score, are shown on our current risk matrix traffic light system shown below.

		Impact				
		1 Insignificant	2 Minor	3 Moderate	4 Significant	5 Critical
Likelihood	5 Almost Certain	5 Low Risk	10 Medium Risk	15 Medium Risk	20 High Risk	25 High Risk
	4 Likely	4 Low Risk	8 Low Risk	12 Medium Risk	16 High Risk	20 High Risk
	3 Possible	3 Low Risk	6 Low Risk	9 Medium Risk	12 Medium Risk	15 Medium Risk
	2 Unlikely	2 Low Risk	4 Low Risk	6 Low Risk	8 Low Risk	10 Medium Risk
	1 Rare	1 Low Risk	2 Low Risk	3 Low Risk	4 Low Risk	5 Low Risk

### Example 1

If a risk is thought to be *unlikely* but the impact if it did happen is thought to be *significant*, the Risk Score would be  $2 \times 4 = 8$ .

Using the matrix and table above, we then develop our approach to this risk. As the Risk Score is 8, this means:

- The risk has a *Low Risk* Level
- We *Accept* the risk,
- We monitor the risk for changes every *6 months*
- This risk is deemed to be within the Council's risk appetite, so no mitigation is required.

### Example 2

If a risk is thought to be *likely* but the impact if it did happen is thought to be *significant*, the Risk Score would be  $4 \times 4 = 16$ .

Using the matrix and table above, we then develop our approach to this risk. As the Risk Score is 16, this means:

- The risk has a *High Risk* Level
- We *Escalate* the risk,
- We monitor the risk *monthly*

- This risk is deemed to be beyond the Council’s risk appetite, so management approval and mitigations must be put in place.

**Persistent High Risks**

Our Risk Appetite takes into account that all risks cannot be eliminated and that there will be cases where risks remain beyond the current risk appetite level despite taking mitigating actions.

If departmental and divisional risks continue to remain high for an extended period of time, they will be reported to Executive Management Team (EMT), Assurance Board and General Purposes Committee.

**Escalation**

Some risks (or groups of risks) may not be manageable at the level where they exist, or they may exceed the current risk appetite level. In these instances, the risk owner should escalate the risk to at least one management level above them. This means there will be appropriate management appraisal of the risk.

The next management level will then be responsible for deciding on an appropriate course of action and if necessary, escalating the risk further up the corporate hierarchy. In most cases the escalation route will be the same as the line management structure and will follow the route below.



Risks managed by EMT will usually have a wide ranging and significant impact on the organisation, these risks are defined as Corporate Risks.

**Required Risk Registers**

Risk registers are used as a means of providing a simple overview of risks and mitigations and allow for convenient sharing of information. However, risk registers should not be confused for “risk management.” The presence of a risk register on its own does not confirm risks are being managed, as without regular reviews, risk registers quickly become obsolete.

Taking this into account and to help ensure risk management is a continuing and developing process that runs throughout the organisation, certain risk registers are mandatory and are required to be reviewed by senior management and Members at regular intervals.

Officers at Head of Service level and above will be required to maintain a risk register covering the areas that they have direct responsibility for. Further details, along with escalation routes, are shown in the table below.

Risk Register	Owned by	Reviewed by	Review Frequency (minimum)	Escalation (both from and to)
Corporate Risk Register	Executive Management Team (EMT)	<ul style="list-style-type: none"> <li>• Departmental Management Teams</li> <li>• Executive</li> </ul>	Monthly  Quarterly	<ul style="list-style-type: none"> <li>• Departmental</li> <li>• Programme, Project (and other) Boards</li> </ul>

Risk Register	Owned by	Reviewed by	Review Frequency (minimum)	Escalation (both from and to)
		Management Team • General Purposes Committee	Six Monthly	
Departmental	Executive Directors	Departmental Management Teams (DMTs)	Quarterly	<ul style="list-style-type: none"> <li>• Corporate</li> <li>• Divisional</li> <li>• Programme, Project (and other) Boards</li> </ul>
Divisional	Directors	Service Management Teams (SMT)	Quarterly	<ul style="list-style-type: none"> <li>• Departmental</li> <li>• Service</li> <li>• Programme, Project (and other) Boards</li> </ul>
Service Level	Heads of Service	Head of Service and Direct reports	Six monthly	<ul style="list-style-type: none"> <li>• Divisional</li> <li>• Programme, Project (and other) Boards</li> </ul>
Programmes, Projects, Contracts, Partnerships & Other Initiatives	Operational Board / Manager	Strategic / Oversight Board	Regularly	<ul style="list-style-type: none"> <li>• Corporate</li> <li>• Departmental</li> <li>• Divisional</li> <li>• Service</li> </ul>

## Risk Reviews

The above table provides a guide to how often reviews of risk registers should be carried out. It should be noted that this is a minimum and depending on the risks and risk appetite, it may be necessary to monitor and review some risks more frequently.

## Pentana Risk Software

The Council uses Pentana Risk software to hold all risk registers. Advantages of using this software include simpler version control and a central repository allowing easy mapping of risks to provide a more complete picture of the Council's risk profile. To ensure the effectiveness of this process all mandatory risk registers must be logged onto Pentana along with records of when reviews are carried out. It is the responsibility of risk register owners to ensure this is done. Regular reporting will inform Executive Directors of the status of risk registers within their department.

## Operational and Strategic Decisions

As part of an officer's role, they may be required to submit recommendations for decision by senior management and/or Members via Council, Cabinet or Committee written papers.

Report templates contain two sections for risks and report authors need to think both about risks around taking a particular initiative or course of action (e.g. not being delivered, delayed, or with a different outcome from that intended) and also risks of not taking that action (e.g. the risk of doing nothing) and include these in the report.

Any significant risks, (where mitigating action and/or escalation is required) should be summarised along with details on how the risk will be mitigated in the case of threats and enhanced in the case of opportunities.

Reports to support strategic policy decisions, project initiation documents and project updates usually require a risk register. This should be included as an appendix to the report and referenced in the risks section.

For longer term initiatives, where risks are monitored on an ongoing and regular basis, the most recent risk register should be included as an appendix.

## Risk Management Group

The Risk Management Group was setup to provide a mechanism for risk management issues to be discussed and disseminated to all areas of the Council. The terms of reference for the group are provided at **Appendix C**.

## Internal Audit

A function of managing risks is the Internal Audit Service. The Service's purpose and mission according to its Charter is:

*The purpose of London Borough of Enfield's Internal Audit team is to provide independent, objective assurance and consulting services designed to add value and improve the London Borough of Enfield's operations. The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. The Internal Audit team helps the London Borough of Enfield accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.*

The annual programme of internal audit work dedicates resources to test key mitigations using a risk-based approach.

Effectively identified risks and mitigations within the risk registers can assist internal audit to focus resources on providing assurances where they matter and in turn, advise managers where improvements can be made.

Internal audit reviews should be seen as part of the risk management process and should feed into the continual risk review process.

## Further Information

For any further information please visit the risk management service [intranet page](#) or email RiskManagement@Enfield.gov.uk

## Appendix A

### Risk Management Maturity Model (Developed by the Institute of Risk Management)

	Conscious	Developing	Proficient	Expert
Level	<p>Aware of risk management but unsure how to 'make it happen'.</p> <p>Planning is a repeated exercise based on previous years as no one has time to consider further.</p> <p>Objectives and targets are often missed as senior management are diverted to deal with unplanned events.</p>	<p>Aware of the need for good risk management but not yet fully committed to the concept.</p> <p>Risks are considered on occasions as part of planning by some, but others are unenthusiastic.</p> <p>Objectives and targets are not always achieved as senior management are diverted to deal with unplanned events or unenthusiastic about using a risk based approach.</p>	<p>Risk management is established and becoming mainstreamed and less noticeable as a separate activity.</p> <p>Risks are considered as part of planning but not fully explored.</p> <p>Objectives and targets are usually achieved. Contingency plans for key risks are generally in place, resulting in minimal disruption when unwanted events occur.</p>	<p>Risk management is embedded at all levels within the organisation on a consistent basis.</p> <p>Risks are fully explored as part of the planning process.</p> <p>Objectives and targets are nearly always fully achieved, and the organisation is rarely surprised by unplanned events. Contingency plans exist for key risks and any surprises are normally external in origin.</p>
Knowledge and Skills	<p>Staff, managers and leaders are aware of need to do risk management, but do not understand why or how.</p> <p>Risk management may be seen as a separate discipline not connected to business planning or day-to-day decision making. It's perceived as a distraction.</p> <p>There is no one or few within the organisation who understand risk management.</p>	<p>Managers and leaders understand the theory and processes behind formal risk management. They know a risk policy and guidance exist, but may think of risk as a compliance tool, not as a tool for real organisational improvement.</p> <p>Key staff have read the risk policy and guidance.</p> <p>Staff and managers understand some of the organisation's key risks and risks to their area.</p>	<p>Training has been provided to managers and leaders who know how to identify, assess, address, monitor and report risk in a consistent way in line with policy.</p> <p>Managers throughout the organisation know what is expected of them to manage risks and there's real ownership of risks and actions.</p> <p>There's a real belief that risk management can help and add value.</p> <p>An understanding of upside risk is beginning to be shown</p>	<p>Leaders seek out and demand quality risk information as part of decision making processes.</p> <p>Training and refresher training is available so that staff and key volunteers understand risk management and know what is expected of them.</p> <p>Risk management is seen as fundamental to "the way we do things around here" within an established Risk Culture.</p> <p>Understanding of upside risk is widespread</p>

	Conscious	Developing	Proficient	Expert
Possible Behaviours	<p>Senior management do not yet see the benefits of risk management.</p> <p>Staff, managers and leaders are not yet taking action to identify and control risk across the organisation or in high risk areas.</p> <p>Policies and standards have not been developed. Without this staff decide for themselves what level of risk taking is acceptable.</p> <p>Little attention is paid to risk mitigation actions. Risks often occur which should have been foreseen and recorded on the risk register.</p> <p>There's no structured approach to learning lessons for future work.</p>	<p>Senior management give passive support to risk management or can be unsupportive or hostile. They rarely lead by example.</p> <p>Risk management often involves a junior team member creating a risk register document which then collects dust and is rarely updated.</p> <p>Progress against planned risk mitigation actions is often not satisfactory.</p> <p>There's no routine analysis for future projects.</p>	<p>Senior management are visibly giving direction on the oversight and management of risk, using basic risk information – including the defined risk appetite - to inform decision-making and generally promoting and supporting the concept.</p> <p>Managers act as role models and lead on risk management, regularly checking that risks are being managed and discussed with relevant people.</p> <p>Discussions about risk are becoming increasingly more mature and widespread and this is evidenced in minutes and notes.</p> <p>There's open communication internally on risk.</p> <p>The policy and processes are used and adhered to in everyday activities.</p> <p>Progress against the planned risk mitigation actions is usually satisfactory.</p> <p>There is communication of lessons learned.</p>	<p>Trustees and senior management demonstrate top-down commitment to risk management, leading by example.</p> <p>People adhere to policies and processes and use them appropriately. Application is widespread at all levels of the business, with regular updating, active feedback and learning.</p> <p>Risk management is used to spot opportunities as well as threats.</p> <p>Agreed risk responses are effectively carried out and monitored for all risks, including emerging risks. Responses can cope with any scenarios.</p> <p>Risk-based reporting and decision making is routine.</p> <p>Frontline, leadership and risk experts collaborate and communicate. Risks are explicitly discussed at all levels in the organisation.</p> <p>The effectiveness of risk management is regularly reviewed.</p> <p>Lessons learned are implemented and learning from experience is a routine part of the process.</p>

	Conscious	Developing	Proficient	Expert
Systems, Policies & Processes	<p>Someone may have risk management allocated to them but as part of a larger remit and without any supported learning.</p> <p>Pockets of operational risk management such as Health &amp; Safety may be being addressed.</p> <p>Training is not considered or available.</p> <p>There's no formal risk policy or processes– some places are too risk averse while others take excessive risks.</p> <p>Risk registers may have been produced, but only as a one-off exercise.</p> <p>Risks in the risk registers are not clearly defined in all cases and/or risk owners have not been allocated.</p> <p>Contingency plans do not exist where they are needed.</p> <p>There is no approach to escalating risks from the frontline. It's done on an exceptional basis as the result of a crisis.</p>	<p>There may be a central risk manager who is the organisation's expert, or the responsibility may be assigned to a junior member of staff as part of a wider remit.</p> <p>There is no or only limited experience of using risk management.</p> <p>There are no risk champions across the organisation or other indicators of a risk management culture.</p> <p>Some staff have attended training, but the person allocated responsibility for risk management is normally called on to support management.</p> <p>Risk Management Policies and standards are not consistently used or fully adhered to. Application is patchy with different groups doing different things – there's no cohesion between groups.</p> <p>There are risk registers at directorate level which are typically compliance focussed documents, updated only when required.</p> <p>Risk is not routinely a standing item at management, team, project or programme board meetings.</p> <p>Risk management is partially effective and works in some specific areas where it has been embraced.</p> <p>There's evidence of some risks being escalated in accordance with the policy in areas where risk management has been embraced.</p>	<p>Accountability for management of key business risks is clearly defined and captured in role descriptions/personal performance targets. Risk appetite begins to be considered.</p> <p>There's a formal organised and updated training programme.</p> <p>There's an accepted policy for risk management and evidence that the defined risk appetite is often referred to in decision-making.</p> <p>Risk management is part of the business planning and performance process and organisational monitoring processes such as management reporting, performance management and individual objectives, all focus on risk.</p> <p>Risk registers exist at corporate and directorate level and are regularly updated and used at management meetings throughout the organisation.</p> <p>Contingency plans are in place where needed.</p> <p>Risk is a standing item at management meetings throughout the organisation. Managers regularly discuss risk with their staff and share and discuss critical cross-cutting risks.</p> <p>A visible process is in operation for escalating risks from the frontline to directorate and corporate level. No one is blamed for escalating a risk and good risk management is recognised positively in personal appraisal discussions.</p> <p>Business continuity planning is in place and all units have workable, up to date and tested Business Continuity (BC) plans.</p> <p>Information risks are identified and mitigating actions are in place.</p>	<p>As "proficient" but with the following additions:</p> <p>Senior management is actively engaged in the process of identifying risk and setting the organisation's risk appetite.</p> <p>Personal performance objectives include targets for risk management and proactive risk management is encouraged and rewarded.</p> <p>Mission, business planning and core risks are explicitly linked. Longer term risks are integrated into the strategy and business planning functions.</p> <p>Training is actively encouraged.</p> <p>Sustained regular discussions on risk are long established and routine throughout the organisation.</p> <p>Risk management adapts proactively to internal and external changes.</p> <p>Risk management is a dynamic and living approach that is constantly referred to and where necessary updated</p> <p>Strategic risks are taken into account and give direction to the business planning and policy making mechanisms.</p> <p>Information is safeguarded at all levels of the organisation</p>



## Appendix B

### Detailed Roles & Responsibilities

#### 1. Delivery (Ownership, Responsibility and Accountability)

##### Full Council / Cabinet

- Analyses and understands key risks.
- Monitors and acts on escalated risks from General Purposes Committee.

##### Executive Management Team

- Overall responsibility and accountability for risk management in the Council.
- Endorses and ensures this Strategy is sound and implemented across the Council.
- Ensures risk management is embedded into corporate processes including but not limited to business, strategic and financial planning; decision making and service delivery.
- Gives a view on and owns all risks within the Corporate Risk Register.
- Monitors any other risks which could affect the Council's ability to achieve its strategic aims and priorities.

##### Departmental Management Teams

- Responsibility and accountability for identifying and management of risks within (and across) department(s).
- Ensure risk management within and across the department(s) is implemented in line with the Council's Risk Management Strategy.
- Ensure risks are given due consideration in all management processes and decision making.
- Ensure mitigating controls are in place and performing adequately.
- Ensure planned actions are implemented.
- Suggest key risks which may be considered for inclusion into the Corporate Risk Register.
- Nominate key individuals who will work alongside the Risk Management Service as part of the Risk Management Group.

##### Service Management Teams

- Responsibility and accountability for management of risks within (and across) service(s).
- Ensure risk management within and across the service(s) is implemented in line with the Council's Risk Management Strategy.
- Ensure risks are given due consideration in all management processes and decisions.
- Ensure management controls are in place and performing adequately.
- Escalate risks to the Departmental Risk Registers.
- Monitor and challenge key risk mitigations.

##### Programme, Project (and other) Boards

- Responsibility and accountability for management of risks associated with programmes, project, contracts and other initiatives.
- Ensure associated risks are managed in line with the Risk Management Strategy.
- Ensure risks are given due consideration throughout the life of the programme, project, contract or other initiative.
- Ensure project management controls are in place and operating effectively.
- Monitor and challenge key risks, controls and actions.



- Own, maintain and regularly review risks / registers.
- Ensure risks identified are effectively managed to include escalation to Departmental Management Team or Executive Management Team where appropriate.

#### **All Staff**

- Responsibility and accountability for management of risks in day to day duties.
- Maintain risk awareness.
- Ensure risks in performing day to day duties are considered and managed in line with the Council's Risk Management Strategy.
- Actively support and contribute to risk management initiatives.
- Own, maintain and regularly review risks as appropriate.
- Ensure management controls are performing adequately and mitigating actions completed within expected timescales.
- Ensure identified risks are recorded and escalated appropriately.
- Consider and monitor key risks associated with any recommendations put forward.

## **2. Policy (Advice and Training)**

#### **Risk Management Service**

- Responsibility for providing support, advice and challenge on the management of risk in the Council.
- Provide the Council with training, advice, challenge and support on the application of risk management principles.
- Lead on the development and implementation of the Risk Management Strategy.
- Provide report(s) to EMT and General Purposes Committee on key risk management activities across the Council.
- Monitor and challenge controls and actions and escalate key risks identified as appropriate.
- Promote the effectiveness of good risk management across the Council.
- Lead role in co-ordinating the Risk Management Group.

#### **Risk Management Group**

- Provide a mechanism for risk management issues to be discussed and disseminated to all areas of the Council.
- Develop risk management as part of the culture of the Council.
- Communicate the value of risk management in the decision making process.
- Share best practice.
- Take responsibility for raising the Council's rating on the Risk Maturity Model by working within their departments, services, teams and business areas.

## **3. Oversight (Challenge and Assurance)**

#### **General Purposes Committee**

- Monitors the effective development and operation of risk management in the Council to ensure compliance with the strategy.
- Regularly reviews the Risk Management Framework and Operating Plan
- Reviews regular reports on key risk management activities across service delivery and service enablement activities.
- Monitors and challenges key risk mitigations, audit actions and the Corporate Risk Register.

#### **Assurance Board**

- Ensures compliance with this strategy.
- Regularly reviews the Risk Management Framework and Operating Plan

- Reviews regular reports on key risk management activities across the Council.
- Monitors and challenges key risk mitigations within the Corporate Risk Register.

**Internal Audit**

- Responsibility for providing independent assurance on the effectiveness of risk management processes and control in the Council.
- Understand the Council's Risk Management Strategy and its application.
- Ensure that internal audit activity is focused on key risks facing the Council.
- Assess the adequacy and effectiveness of controls in place to manage operational and strategic risks, identify residual risks and make recommendations to improve management of residual risks.
- Escalate key risks identified during internal audit work to the Risk Management Team.
- Provide assurance on risk management activities and control to EMT and General Purposes Committee as appropriate.

## Appendix C

### Risk Management Group (RMG) – Terms of Reference

#### 1. Objectives

The main objectives of the group are to;

- Provide a mechanism for risk management issues to be discussed and disseminated to all areas of the Council.
- Develop risk management as part of the culture of the Council.
- Communicate the value of risk management in the decision-making process.
- Share best practice.
- Take responsibility for raising the Council's rating on the Risk Maturity Model.

#### 2. Membership

The RMG will consist of officers from across the Council, with representation from each Department. The group members:

- Are predominately at a senior level, with decision making capacity or ability to influence decision-making.
- Have a good working knowledge of their departments, services, teams and business areas.
- Understand that risk management is part of good management and planning, and not a tick box exercise.

#### 3. Accountability

The RMG will be accountable to both the Assurance Board and the Audit & Risk Management Committee.

#### 4. Frequency of meetings

The RMG will meet at least four times a year.

#### 5. Key Group Responsibilities

The key responsibilities of the group will be to;

- Ensure timely updates to the Corporate Risk Register for Assurance Board and General Purposes Committee.
- To raise and discuss emerging risk issues for inclusion into the Corporate Risk Register.
- To feed into the Annual Governance statement regarding Risk Management
- To suggest topics for inclusion into the audit plan.

## 6. Individual Roles & Responsibilities

Role	Responsibility
<b>Group Executive</b>	<ul style="list-style-type: none"> <li>• To report progress to Assurance Board and General Purposes Committee</li> <li>• To feedback from Assurance Board and the General Purposes Committee</li> <li>• To approve the agenda for the RMG</li> </ul>
<b>Chair</b>	<ul style="list-style-type: none"> <li>• To ensure meetings are kept to the planned agenda</li> <li>• To ensure follow through on outstanding actions</li> </ul>
<b>Deputy</b>	<ul style="list-style-type: none"> <li>• Inform members of the RMG of forthcoming meeting dates and venues</li> <li>• To take the minutes of each meeting</li> <li>• To distribute the meeting agenda (at least two weeks in advance of the meeting)</li> <li>• To distribute meeting minutes (no later than two weeks following the meeting)</li> </ul>
<b>Department leads</b>	<ul style="list-style-type: none"> <li>• Represent their departments at the RMG</li> <li>• Feedback from the RMG to their DMTs</li> <li>• Advise RMG of any emerging risks areas / changes to key risks</li> <li>• Follow up and complete actions within agreed timescales</li> <li>• Act as a key risk contact for their department</li> </ul>
<b>Invited guests</b>	<ul style="list-style-type: none"> <li>• Provide advice from their area of expertise</li> <li>• To follow up/feedback on any outstanding issues</li> <li>• Follow up and complete actions within agreed timescales</li> </ul>

## 2022/23 Risk Operating Plan

		2022/23 Qtr 1	2022/23 Qtr 2	2022/23 Qtr 3	2022/23 Qtr 4
Policy	<b>Risk Management Strategy</b>	Document communicated and circulated	Consultations with stakeholders	Document updated	Approved by EMT
	<b>Risk Management Group (RMG)</b>	Quarterly meeting to include review of Corporate Risks	Quarterly meeting to include review of Training	Quarterly meeting to include Audit Plan discussion	Quarterly meeting to include review of Risk Appetite & Maturity
	<b>Risk Management Awareness</b>	Newsletter developed	Videos launched	Staff seminar slots	Intranet site updates
	<b>Risk training</b>	Risk manual updated	New E-learning training developed	E-learning training launched	Development of workshops
Delivery	<b>Corporate Risk Register (CRR)</b>	Update	Horizon scanning and peer review	Update	Update
	<b>Other Risk Registers</b>	Mapping of Departmental, Division and Service risks	Review of risk registers content and quality	Review of risk registers content and quality	Review of Project Risks
	<b>Pentana</b>	Development of departmental overview reports	Data cleansing	Review of Pentana usage	Pentana refresher training
	<b>Collaboration and deep dive reviews</b>	Deep dive review with Counter Fraud	Deep dive review with Insurance	Deep dive review with DPO	Deep dive review with a Service
Oversight	<b>Audit and Risk Management Service</b>	Horizon Scanning			
	<b>Internal Audit Actions</b>	Ongoing monitoring of action implementation			
	<b>Internal Audit plan</b>	Annual programme of risk-based audits			
	<b>Assurance Board</b>	Oversight of key operational risks			

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## London Borough of Enfield

### General Purposes Committee

3 March 2022

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<b>Subject:</b>	<b>Counter Fraud Strategy and 2022/23 Operating Plan</b>
<b>Cabinet Member:</b>	<b>Cllr Mary Maguire, Cabinet Member for Finance and Property</b>
<b>Executive Director:</b>	<b>Fay Hammond, Executive Director Resources</b>
<b>Key Decision:</b>	<b>N/A</b>

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### Purpose of Report

1. This report presents a Counter Fraud Strategy and an associated 2022/23 Operating Plan.
2. The Counter Fraud Strategy (**Appendix A**) includes:
  - the Council's Counter Fraud, Bribery and Corruption Policy Statement
  - the Counter Fraud 2022/23 Operating Plan
3. As in previous years, we will 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 will be publicised on the Council's webpages and via other media.

### Proposal

4. The General Purposes Committee is requested to:
  - endorse the Counter Fraud Strategy and associated Operating Plan;
  - provide feedback on the contents of this report
  - agree that going forward:
    - the Counter Fraud Strategy will receive a major review every three years, at which time it will be brought to the Committee for approval

- the Counter Fraud Strategy, together with the Counter Fraud Operating Plan, will be approved by the Executive Management Team annually.

### **Reason for Proposal**

5. The risk of fraud affects every council. What differentiates one council from another is the mechanism in place to prevent, detect and respond to the risk. The effectiveness of the mechanisms will depend on the resources available but more importantly on the culture of the organisation, awareness of employees and preparedness for the types of fraud to which it is most vulnerable.
6. Our 2022/23 Operating Plan provides an overview of the work that the Counter Fraud team will undertake during the coming year. The plan is flexible and subject to change should new significant investigations or risks emerge as the year progresses.

### **Relevance to the Council's Plan**

#### **Good Homes in Well-Connected Neighbourhoods**

7. An effective Counter Fraud function, supported by robust policies and procedures, helps minimise losses due to fraud that might adversely affect the delivery of good homes in well-connected neighbourhoods.

#### **Safe, Healthy and Confident Communities**

8. An effective Counter Fraud function, supported by sound policies and procedures, helps minimise losses due to fraud that might adversely affect the Council achieve its objectives to sustain safe, healthy, and confident communities.

#### **An Economy that Works for Everyone**

9. An effective Counter Fraud function will minimise losses due to fraud and help the Council achieve its objectives in building a local economy that works for everyone.

### **Background**

10. The Counter Fraud Strategy is currently reviewed and presented to the General Purposes Committee annually. The Strategy includes the Council's Counter Fraud, Bribery and Corruption Policy Statement confirming the Leader's and Chief Executive's zero-tolerance stance against fraud, bribery, and corruption.



11. No significant changes have been made to the Strategy since it was last approved by the Committee.
12. The Strategy provides a framework for preventing and tackling bribery and fraudulent and corrupt acts against the Council. The success of the Strategy relies on the Council adopting a 'zero tolerance' culture towards fraud and putting in place arrangements for publicising the Strategy. The next steps will be to obtain formal endorsement of the Counter Fraud, Bribery and Corruption Policy Statement by the Leader and Chief Executive before publicising on the Council's website and other media.
13. The 2022/23 Counter Fraud Operating Plan outlines the work that will be carried out to prevent and detect fraud in key risk areas and to promote fraud awareness amongst employees, partners, and contractors.
14. The key activities in the Operating Plan are:
  - reactively investigating referrals made to the team
  - supporting the Place Operations and Right to Buy teams
  - verifying applications from persons with No Recourse to Public Funds
  - pre and post payment verification for Covid-19 related grants
  - raising fraud awareness across the Council and externally
  - undertaking a series of proactive projects based on risks identified in our Fraud Risk Register
15. A report outlining the actions undertaken by the Counter Fraud team will be presented annually to the General Purposes Committee.

### **Main Considerations for the Council**

16. Any large complex organisation needs to have a well-established and effective Counter Fraud function in place to minimise losses due to fraud; the Counter Fraud Strategy and Operating Plan help underpin that function.

### **Safeguarding Implications**

17. Although the Whistleblowing Policy and Procedures referred to in the Counter Fraud Strategy do not specifically deal with child safeguarding or safeguarding of adults with additional needs, the policy references how these concerns may be raised.

### **Public Health Implications**

18. There are no direct Public Health implications arising from this report.

### **Equalities Impact of the Proposal**

19. An Equality Impact Assessment has been completed and is found at **Appendix B**.
20. The Counter Fraud Strategy is intended to support a consistent approach to combatting fraud and, as such, our assessment found that the Strategy will not have a significant negative impact with regard to protected characteristics. However, persons who are affected by socio-economic deprivation may be more likely to rely on the Council for financial support, or support with their housing needs, and a higher proportion of these persons may be subject to investigation where fraud is suspected. Therefore, we will continue to ensure that the gateways used to apply for Council assistance clearly warn that persons who commit fraud can expect to face sanctions, including criminal prosecution, in accordance with the Council's policies.

### **Environmental and Climate Change Considerations**

21. There are no discernible environmental and climate change considerations arising from the proposals in this report.

### **Risks that may arise if the proposed decision and related work is not taken**

22. If the Counter Fraud Strategy and Operational Plan are not approved there is a risk that the Council may suffer financial and reputational loss from fraudulent activities.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

23. Even if the Counter Fraud Strategy and Operational Plan are approved, a risk of financial and reputational loss from fraudulent activities will still exist. However, the adoption and communication of the Strategy supported by the activities outlined in the Operational Plan will mitigate that risk.

### **Financial Implications**

24. The adoption of this policy will aid in mitigating financial risk to the Council, however there are no specific financial implications related to this report.

### **Legal Implications**

25. There are no direct legal implications arising from this report.

### **Workforce Implications**

26. There are no direct workforce implications arising from this report.

### **Property Implications**

27. There are no property implications intrinsic to the proposals in this report.

### **Other Implications**

28. N/A

### **Options Considered**

29. In line with CIPFA guidance and general best practice, no other options were considered.

### **Conclusions**

30. The General Purposes Committee is requested to:

- approve the Counter Fraud Strategy and Operating Plan for 2022/23.
- provide feedback on the contents of this report
- agree that going forward:
  - the Counter Fraud Strategy will receive a major review every three years, at which time it will be brought to the Committee for approval
  - the Counter Fraud Strategy, together with the Counter Fraud Operating Plan, will be approved by the Executive Management Team annually

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**Appendices**

**Appendix A:** Counter Fraud Strategy and Operating Plan 2022/23

**Appendix B:** Equality Impact Assessment

**Background Papers**

None



**COUNTER FRAUD STRATEGY  
AND  
OPERATING PLAN  
2022 - 2023**

## **1 Introduction**

- 1.1 Enfield Council (“the Council”) is responsible for using millions of pounds of public money in delivering services and support to residents in need, as well as managing assets including buildings.
- 1.2 We are committed to ensuring that those funds and assets are used appropriately, and only those that are genuinely entitled to these services receive them.
- 1.3 However, we recognise that all organisations within the public and private sector are at risk of fraud, and in order to fulfil the Council’s corporate strategy, we will maximise the resources available to us by reducing fraud to a minimum.
- 1.4 To help achieve this, the Audit and Risk Management Service (“ARMS”) undertake an annual audit plan reviewing the effectiveness of internal controls in operation.
- 1.5 The Counter Fraud team, part of ARMS, proactively and reactively undertakes investigations into suspected cases of fraud or corruption, and the development and implementation of fraud prevention practices.
- 1.6 This strategy explains in more detail how this is achieved, and the operating plan at the end of this document describes specific projects that will be undertaken during 2022/23.
- 1.7 The guidance laid out applies to all of us: Councillors; employees - whether permanent or temporary; our trading companies and their staff; contractors; partners; consultants; suppliers and service users.
- 1.8 The strategy itself forms part of the governance arrangements of the Council. It outlines the Council’s commitment to a counter fraud culture and is personally endorsed by the Chief Executive and Leader of the Council on the following page.

## COUNTER FRAUD, BRIBERY AND CORRUPTION STATEMENT

Enfield Council is committed to the principles of good governance and recognises the importance of operating in an open and accountable manner, whilst demonstrating high standards of conduct. The Council expects all Councillors, staff, partners, and contractors to act honestly, with integrity and to safeguard the public purse.

The Council will not accept any bribery, fraud, or corruption. All allegations will be thoroughly investigated and appropriately dealt with.

The Council is committed to ensuring that opportunities for bribery, fraud and corruption are reduced to the lowest possible level by:

- Creating a counter fraud culture;
- Raising awareness of the impact of fraud both on the organisation and the individual;
- Preventing, detecting, and deterring fraud;
- Formally investigating fraud;
- Applying sanctions against people who commit fraud;
- Seeking redress for frauds, overpayments, and losses.

To achieve this, the Council will:

- Promote a culture of zero tolerance for bribery, fraud, and corruption.
- Ensure that all stakeholders, including employees, Councillors, schools, partners, consultants, contractors, and suppliers understand that fraud, bribery, or corruption are unacceptable.
- Provide access to rules and procedures that stakeholders will be expected to follow.
- Clarify roles and responsibilities in relation to bribery, fraud, and corruption.
- Share information with other authorities to deal with fraud and corruption locally and nationally, working within the law.
- Increase awareness of fraud and corruption through training and communication.
- Enable managers to identify and mitigate fraud risks.
- Encourage and enable stakeholders to raise serious concerns.
- Formally investigate allegations of fraud, bribery, and corruption.
- Proactively seek out and investigate instances of potential fraud.
- Apply appropriate sanctions such as disciplinary action, criminal proceedings, and recovery of losses when necessary, working with other organisations to achieve this.
- Publicise successes where deemed to demonstrate an effective counter fraud culture.

Signed.....

**Chief Executive**

Signed.....

**Leader of the Council**

## 2 Fighting Fraud & Corruption Locally 2020

2.1 In March 2020, the third Fighting Fraud and Corruption Locally (FCCL) review, “A Strategy for the 2020s”, was published.

2.2 The FFCL strategy was developed collaboratively by local authorities, the Local Government Association, CIPFA and private sector partners, and is a strategic guide to minimising fraud and corruption in local authorities.

2.3 The FFCL strategy identified five pillars that support effective counter fraud measures in local authorities. These pillars are:

- **Govern**

Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.

- **Acknowledge**

Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

- **Prevent**

Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes, and developing a more effective anti-fraud culture.

- **Pursue**

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters, and developing a more collaborative and supportive local enforcement response.

- **Protect**

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community. For a local authority, this will also cover protecting public funds, protecting its organisation from fraud and cybercrime, and also protecting itself from future frauds.



- 2.4 As in previous years, the Council has adopted these pillars and principles which are referenced in the 2022/23 Operating Plan (**Appendix 1**).
- 2.5 The FFCL guidance introduced a self-assessment checklist that is completed annually by the Counter Fraud team. The results of the assessment are reported to the General Purposes Committee as part of the annual review of Counter Fraud activities.
- 2.6 The full FFCL 2020 document is available to download [here](#).

### **3 Our Fraud Response Plan**

- 3.1 The Council is committed to the highest possible standards of openness, probity, and accountability. Therefore, the Council expects all Councillors, employees, contractors, partners, and suppliers to raise any concerns they may have about standards of probity in any aspect of the Council's work.
- 3.2 This Fraud Response Plan on the following pages sets out the responsibilities of stakeholders and provides guidance for the action that should be taken in relation to suspected instances of fraud, theft, bribery, or corruption involving the Council's funds and assets or those that the Council administers on behalf of others.

### **4 Defining Fraud**

- 4.1 Fraud can be defined as:

*'any intentional false representation, including failure to declare information or abuse of position, which is carried out to make gain, cause loss or expose another to the risk of loss.'*

Put simply, fraud is the use of deception for personal gain (more often than not financial gain) – *it is a crime*.

- 4.2 The Fraud Act 2006 introduced a general offence of fraud as well as establishing new offences of committing fraud by false representation, by failing to disclose information or by abuse of position.
- 4.3 Theft is the taking without consent, and with the intention of not returning, any property belonging to the Council such as cash, equipment, vehicles, and data, including property that has been entrusted to the Council, such as client funds. Theft does not necessarily involve fraud.

- 4.4 Corruption is the '*offering, giving, soliciting or acceptance of any inducement or reward which may influence the action of any person*'.
- 4.5 Such inducements can take many forms – commonly cash but also event tickets, meals, or holidays.
- 4.6 In addition to the above, the Bribery Act 2010 introduced offences punishable by custodial sentence for individuals who either offer or accept a bribe, as well as substantial fines for organisations, including Local Authorities, who fail to prevent bribery.
- 4.7 The Act makes it an offence to offer, promise or give a bribe, as well as requesting, receiving, or accepting a bribe; it should be noted that the definition of a bribe is not confined to a sum of money – it can be any item of value.
- 4.8 Therefore, any person representing the Council who is offered a bribe must report this approach without delay, as detailed in the next section.

## **5 What to do when fraud, bribery or corruption is suspected**

- 5.1 Anyone who suspects fraud against the Council, or acts of bribery or corruption, must report this to their line manager without delay. Those who feel unable to report to management should contact the Head of Internal Audit and Risk Management, Deputy Head of Internal Audit and Risk Management or the Counter Fraud Manager directly.
- 5.2 The Whistleblowing Policy should be followed by anyone who wishes to raise concerns anonymously. Please refer to the Whistleblowing Policy available [here](#).
- 5.3 Managers who are notified of a suspected fraud or act of bribery or corruption must inform the Head of Internal Audit and Risk Management, Deputy Head of Internal Audit and Risk Management or the Counter Fraud Manager **as soon as practically possible**.
- 5.4 Managers should not undertake any more than discreet preliminary enquiries which should be restricted to the basic facts required to determine whether there are any grounds to the allegation.
- 5.5 The handling of evidence at the early stages of an investigation can be critical to the outcome of the investigation and advice must be sought from the Head of Internal Audit and Risk Management, Deputy Head of Internal Audit and Risk Management or the Counter Fraud Manager to ensure evidence is safeguarded and not compromised. No action should be taken which may alert those suspected of involvement.

- 5.6 In order to comply with legislation that regulates surveillance activity, managers must **not** undertake covert surveillance, including audio and video recordings, of anyone under any circumstances without first seeking advice from the Director of Law and Governance.
- 5.7 We will also be mindful of any guidance produced by the Information Commissioner's Office concerning our responsibilities as an employer to ensure that employees' personal details are respected and properly protected.
- 5.8 If fraud concerns relate to an elected member, the Head of Internal Audit and Risk Management will inform the Council's Monitoring Officer (the Director of Law and Governance).

## **6 Initial action**

- 6.1 All allegations will be logged on our case management system and risk assessed by the Counter Fraud Manager or a representative from the Counter Fraud team.
- 6.2 If it is considered the allegation requires further investigation, a lead Investigating Officer will be appointed. This officer will be suitably trained and experienced in this field.

## **7 Investigation of allegations**

- 7.1 The Counter Fraud team will secure any assets, documents, records, and correspondence which may be relevant to the investigation. Physical evidence will be either secured on site or removed and retained for examination. If the Counter Fraud team suspects that computers or storage media may contain information pertinent to the investigation these will be secured for analysis. If the Investigating Officer suspects that Council email accounts may contain information pertinent to the investigation, then access to these will be obtained for analysis, subject to approval by the Counter Fraud Manager.
- 7.2 The Counter Fraud team will conduct a prompt and thorough investigation in accordance with the agreed scope of work and in compliance with relevant statute and guidance.
- 7.3 The investigation will be undertaken with the aim of producing evidence that can be referred to the Police and can also be presented in any internal disciplinary hearing that may be result.

- 7.4 The Investigating Officer will provide the nominated manager with regular updates on the investigation and agree any revisions to the scope of work.
- 7.5 Any decision with regard to applying an appropriate sanction, including criminal prosecution, will be made in accordance with the Council's Sanction and Prosecution Policy, available [here](#).

## **8 Suspension from work**

- 8.1 There may be a need to suspend a member of staff from duty if it is considered the investigation might be impeded by their presence at work. Suspension in these circumstances is not a form of disciplinary action and does not indicate that the Council has pre-judged the case. Its purpose is to remove an individual from their workplace to allow a full and fair investigation to take place unhindered.
- 8.2 Any decision to suspend is taken by the employee's manager as advised by the Head of Internal Audit and Risk Management, Deputy Head of Internal Audit and Risk Management or the Counter Fraud Manager and the relevant HR Business Partner.

## **9 Investigatory interviews**

- 9.1 Fact finding interviews with managers and staff within the service area may be necessary to gain an understanding of internal controls, the service's policies, and procedures, clarify any areas of uncertainty and to obtain other relevant information.
- 9.2 All investigations are undertaken with the objective of identifying the appropriate course of sanction to be applied. These can include disciplinary action, recovery of losses and criminal prosecution. The outcome of an investigation may result in a combination of, or all, sanctions being applied.
- 9.3 The use of this methodology allows, where appropriate, disciplinary action to be taken before the pursuit of a criminal prosecution, as the level of evidence required to secure a prosecution is significantly higher than required for disciplinary action. The Counter Fraud team will liaise closely with the nominated departmental manager and HR in such cases.
- 9.4 A decision to interview the suspect(s) directly will be agreed with service management and, if the case has been referred to the Police, the Counter Fraud team will also seek approval from the Police. The investigating officer will advise if such an interview should be completed under caution. Dependant on the type of interview, it may be recorded.

- 9.5 The suspect has the right to be accompanied during the interview. For interviews that have not been recorded, the interviewees will be given the opportunity to read meeting notes taken during the interview and will be asked to sign a copy of the notes to acknowledge their accuracy. For interviews that are recorded, the interviewee will have opportunity to review a transcript of the interview at a later date.

## **10 Disciplinary procedures**

- 10.1 Based upon the findings of an investigation, the Head of Service with support from Human Resources will decide whether disciplinary action is required in accordance with Council's Employee Code of Conduct.
- 10.2 The outcome may include a range of levels of warning or, where evidence of gross misconduct is found, dismissal of the individual concerned.
- 10.3 The Council's Sanction and Prosecution Policy, which has been endorsed by the Executive Management Team and the General Purposes Committee, states that *"If an employee chooses to resign following commencement of the disciplinary process, every effort will be made to conclude the proceedings during the employee's period of notice, particularly if the matters under consideration would warrant dismissal on the grounds of gross misconduct"*.

## **11 Referring cases to the Police**

- 11.1 Where there are criminal allegations of fraud and / or corruption with reasonable evidence to support the allegations, the case will be referred to the Police.
- 11.2 The decision to refer a matter to the Police will be taken by the Head of Internal Audit and Risk Management, Deputy Head of Internal Audit and Risk Management and the Counter Fraud Manager in consultation with the appropriate Executive Director / Director, Head of Service, the Monitoring Officer, and relevant HR Business Partner.
- 11.3 The authority will continue to pursue its own disciplinary process during a Police investigation. However, the Counter Fraud Manager will liaise closely with the Police to avoid jeopardising a criminal investigation.

## **12 Post investigation**

- 12.1 Subject to legal or contractual constraints, and in accordance with the Whistleblowing Policy, individuals who report concerns under the Whistleblowing Policy will receive appropriate information about the outcomes of any investigations wherever possible.
- 12.2 Managers and other staff may be asked to give evidence in any subsequent civil or criminal hearings.
- 12.3 When fraud or impropriety has been perpetrated by organisations or individuals with whom the Council has a contractual relationship, the Council will take robust action including, where appropriate, the termination of the contract and civil recovery proceedings.

## **13 Recovering the Council's losses**

- 13.1 The manager responsible for the service in which a loss has occurred as a result of fraud or other misconduct, in consultation with the Head of Internal Audit and Risk Management or Deputy Head of Internal Audit and Risk Management, must ensure that all possible means to recover losses are pursued and that effective co-operation takes place between interested parties. Advice should be sought from Human Resources and Legal Services on how to achieve this.
- 13.2 When an employee offers to resign before a disciplinary hearing takes place the service manager must consult the Head of Internal Audit and Risk Management, the Deputy Head of Internal Audit and Risk Management or the Counter Fraud Manager together with HR and Legal Services about how to enforce the repayment of losses incurred by the Council. Where civil action is appropriate, all options to recover losses will be considered, including the use of Proceeds of Crime legislation.
- 13.3 When a case has been referred to the Police and a criminal prosecution takes place, where appropriate and in the absence of civil recovery action by the Council, the investigating police officer will be asked to submit a request that an order for compensation is made by the Court.
- 13.4 When neither a voluntary agreement nor a compensation order is made the manager will consult the Monitoring Officer about other legal action that can be taken to recover the Council's losses. This may include making application for recovery from an employee's pension fund.

13.5 When there is a possibility that the Council could make a claim under the Fidelity Guarantee Policy, the Insurance Manager will be notified as soon as possible. This will enable the Council to work with insurers to ensure that actions taken do not prejudice the insurer's position.

## **14 Review of internal controls**

14.1 To prevent any recurrence of fraud, the system of internal control will be assessed to identify weaknesses that have allowed the fraud to occur. The investigation report will highlight the system failures and make recommendations for improvements which will be included in an action plan for agreement with the relevant Head of Service.

14.2 The Counter Fraud Manager will liaise with the Internal Audit team to ensure that future audit plans and work programmes reflect identified control weaknesses.

14.3 Elected Members, Executive Directors and Directors have a significant role to play in the Council's corporate governance. To facilitate this role, a summary of all fraud cases will be submitted on a regular basis to both the Executive Management Team and the Council's General Purposes Committee.

## **15 Contact details**

15.1 For further advice or to report a fraud, please use the following contacts:

- Call the Counter Fraud team on 020 379 3166 or email [fraud.team@enfield.gov.uk](mailto:fraud.team@enfield.gov.uk).
- Contact Gemma Young, Head of Internal Audit and Risk Management ([gemma.young@enfield.gov.uk](mailto:gemma.young@enfield.gov.uk)).

## **16 Prevention – Roles & Responsibilities**

16.1 The Council recognises that the successful implementation of a counter fraud and corruption culture is dependent on the commitment of Councillors, management, employees, and other stakeholders in the wider community to prevent fraud. Specific responsibilities are detailed below.

## **17 Audit and Risk Management Service**

17.1 The Head of Internal Audit and Risk Management is the Council's lead officer for counter fraud work and will co-ordinate activities in fraud prevention and detection.

## 17.2 In line with the Internal Audit Charter:

*The purpose of London Borough of Enfield's Internal Audit team is to provide independent, objective assurance and consulting services designed to add value and improve the London Borough of Enfield's operations. The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit team helps the London Borough of Enfield accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.*

All of London Borough of Enfield activities (including outsourced activities and shared service arrangements) and legal entities are within the scope of Internal Audit. Internal Audit determines what areas within its scope should be included within the annual audit plan by adopting an independent risk-based approach. Internal Audit does not necessarily cover all potential scope areas every year.

The audit programme includes obtaining an understanding of the processes and systems under audit, evaluating their adequacy, and testing the operating effectiveness of key controls. Internal Audit can also, where appropriate, undertake special investigations and consulting engagements at the request of the General Purposes Committee, senior management, and regulators.

Notwithstanding Internal Audit's responsibilities to be alert to indications of the existence of fraud and weaknesses in internal control which would permit fraud to occur, the Internal Audit activity will not undertake specific fraud-related work. Fraud-related work is carried out by the London Borough of Enfield Counter Fraud Team.

## 17.3 The Counter Fraud team will:

- Conduct investigations that are independent, timely, and thorough.
- Where the investigation relates to employee conduct, Human Resources ("HR") will be advised of any potential misconduct issues. The Counter Fraud Team will work closely with HR and, where appropriate, Legal Services when disciplinary action is taken, including recommending sanctions appropriate to the case;
- Contribute to deterring fraud by collaborating with other local authorities, National Fraud Initiative, Police, and professional bodies to ensure the Council's arrangements are in line with current best practice and observe the requirements of data protection legislation with regard to the sharing of personal information.
- Be the Council's key contact for the Cabinet Office's National Fraud Initiative and other data matching exercises, working closely with



relevant managers to ensure data subjects are notified that their data will be shared for these exercises;

- Work with managers, other organisations, and partners to share information and encourage participation in local and regional data matching, data mining and other counter fraud exercises, within the requirements of legislation and the Information Commissioner;
- Provide fraud awareness training across the Council. This will include expected ethical behaviour and promotion of the Whistleblowing and Anti Money Laundering policies;
- Develop fraud risk registers to assist the Council in identifying fraud risks and reviewing controls to mitigate risks;
- Develop and implement a programme of proactive fraud detection work;
- Demonstrate the Council's no tolerance of fraud culture by publicising details of counter fraud activity and of proven fraud cases. The Counter Fraud team will also liaise with the Communications Team to ensure proven fraud cases are publicised promptly and in accordance with the Council's policy;
- Communicate notifications of regional or national frauds, scams or alerts to staff and managers.

## **18 Members**

### 18.1 Members will:

- Sign to confirm that they have been received and understood the Code of Conduct for Members when they take office;
- Discharge their duties by complying with the Code of Conduct for Members and the Constitution;
- Declare personal interests which could enable them to gain from, or be perceived as potential conflicts with, the Council's business;
- Provide a key link to the residents of the borough and have a wider role in promoting the Council's ethics and values within the community;
- Raise any fraud concerns with the Head of Internal Audit and Risk Management Services or the Monitoring Officer.

18.2 If complaints are received in relation to the conduct of Members, these will be considered by the Council's Monitoring Officer.

## **19 General Purposes Committee**

19.1 The General Purposes Committee's Terms of Reference outline the responsibility of its members to 'monitor Council policies in respect of fraud'.

The General Purposes Committee will:

- Monitor and, where necessary, challenge the Council's risk management processes, including the management of identified fraud risks;
- Receive regular updates from the Head of Internal Audit and Risk Management in relation to fraud cases investigated and the action taken;
- Challenge management where significant fraud risks are identified in internal audit reports.

## **20 Chief Executive and Executive Management Team**

20.1 The Chief Executive is responsible for leading and promoting the Council's ethical agenda. To demonstrate their support of the Council's zero tolerance to fraud, the Chief Executive and the Leader of the Council will sign the Counter Fraud, Bribery and Corruption Statement that forms part of this strategy.

20.2 Executive Directors, Directors, and Heads of Service must maintain adequate systems of internal control within their respective departments. Executive Directors have a responsibility to:

- Support the promotion and implementation of this Strategy and linked policies, including the Whistleblowing Policy and Anti Money Laundering Policy;
- Ensure that staff and other workers, including agency staff and contractors with a financial responsibility, are made aware of the standards expected of them, as set out in Financial Regulations and the Council's counter fraud policies and procedures;
- Notify the Head of Internal Audit and Risk Management, Deputy Head of Internal Audit and Risk Management or the Counter Fraud Manager immediately of any matter relating to loss or irregularities, including those affecting cash, stores or other property of the Council or its clients for whom the Council has accepted financial responsibility;
- Encourage employees to raise any concerns they may have about bribery, fraud, or corruption, in line with the Counter Fraud Policy and Whistleblowing Policy;
- Confirm that sufficient actions have been taken to reduce fraud as part of the Council's Annual Governance Statement.

## **21 Section 151 Officer**

21.1 The Executive Director of Resources is the Council's appointed Section 151 Officer, responsible for the proper administration of the Council's financial affairs. The Section 151 Officer will:

- Authorise Internal Audit to examine financial and non-financial records and to inspect the Council's stores, assets, and cash balances and those of its partner organisations;
- Require employees to provide the internal auditor with information or explanations that they may need to effectively perform their duties.

## **22 Monitoring Officer**

22.1 The Director of Law and Governance is the Council's Monitoring Officer, entrusted with ensuring that all decisions that the Council makes are within the law. The Monitoring Officer will promote and maintain high standards of conduct amongst Members, through supporting them to follow the Code of Conduct for Members and the Council's other rules and procedures.

## **23 Employees**

23.1 Employees will:

- Operate within the systems of internal control established by management;
- Comply with the Employee Code of Conduct and the Council's Constitution (including Financial Regulations and Contract Procedure Rules), as well as any other policies and procedures that relate to their role and responsibilities, e.g., declarations of interests, gifts, and hospitality;
- Raise any concerns including suspicions of money laundering in accordance with the Whistleblowing Policy or the Anti-Money Laundering Policy and Guidance;
- Be aware that any theft, fraud, or corruption against the Council will be considered gross misconduct under the disciplinary process.
- Complete annual Conflict of Interests and Secondary Employment and Business Interests declarations.

## **24 Money Laundering Reporting Officer**

24.1 The Head of Internal Audit and Risk Management is the Council's nominated Money Laundering Reporting Officer (MLRO), who will:

- Review all reported money laundering allegations and decide whether the transaction / circumstances are suspicious enough to warrant a report to the National Crime Agency;
- Review the Anti Money Laundering Policy and communicate this policy to relevant staff;
- Raise awareness of reporting responsibilities among staff whose work is most likely to come across instances of money laundering.

## **25 Human Resources (HR)**

25.1 HR maintains and promotes the Employee Code of Conduct and related policies and procedures. HR will:

- Ensure effective 'gateway' controls are in place for the recruitment of new employees, including pre-employment checks and relevant Disclosure and Barring Service (DBS) checks.
- Inform the Head of Internal Audit and Risk Management of all disciplinary issues relating to financial matters.
- Work with the Audit and Risk Management Service to promote employees' compliance with controls and ensure the effectiveness of disciplinary action.
- Co-ordinate the annual exercise for all staff to complete a Conflict of Interests and a Secondary Employment and Business Interests declaration.

## **26 Legal Services**

26.1 Legal Services will:

- Provide advice and support during fraud investigations and any subsequent civil action taken to recover losses;
- Maintain a register of detailing authorisations granted under the Regulation of Investigatory Powers Act 2000 (RIPA), through the Director of Law and Governance, where surveillance of persons for counter fraud purposes is intended.

## **27 Working with Others**

27.1 The Council will work with other local authorities and agencies for the purpose of preventing and detecting fraud. These include national, regional, and local networks of investigators such as internal auditors, Trading Standards Officers, DWP's Single Fraud Investigation Service for housing benefits investigations, etc. The Council works with colleagues in other organisations to share intelligence and best practice to combat fraud.

27.2 The Council is a member of the National Anti-Fraud Network (NAFN). NAFN provides access to information relating to fraud within the public sector to assist in the more effective investigation of fraud and provides a gateway for us to conduct credit searches and bank account checks. The Council has also joined CIFAS (Credit Industry Fraud Avoidance Scheme), which will allow us to cross-check our data against their national records of fraudulent financial conduct.

## 28 Corporate Framework and Culture

28.1 The Council has a range of interrelated policies and procedures that form the corporate framework to combat fraudulent activity. These have been formulated in line with appropriate legislative requirements (including the Fraud Act 2006) and professional best practice, and include:

- Code of Conduct for Members
- Code of Conduct for Employees
- The Constitution including Financial Regulations and Contract Procedure Rules
- Accounting procedures and records
- Procedure notes for internal control within specific service areas
- Recruitment and selection procedures
- Disciplinary Procedure
- Counter Fraud Strategy
- Sanction and Prosecution Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy and Guidance
- The Regulation of Investigatory Powers Act 2000 (RIPA) Procedure
- IT policies

28.2 The Council believes that a culture of honesty and openness is a key element in preventing and tackling fraud. Codes of conduct for members and employees are based on general principles which reflect the 7 Principles of Public Life commonly referred to as the “Nolan Principles”. These principles are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

Further information regarding the 7 Principles of Public Life can be found [here](#).

## **29 Raising Fraud Awareness**

- 29.1 The Council recognises that the success and credibility of its counter fraud strategy will significantly depend on how effectively it is communicated throughout the organisation and beyond. Every opportunity will be taken to bring it to the attention of employees, Members and other stakeholders, and the strategy will be published on the Council's website and intranet pages.
- 29.2 The Council's Audit and Risk Management Service undertakes a range of fraud awareness initiatives through a combination of face to face sessions, publications about general and specific fraud issues and online fraud awareness training.
- 29.3 The Council encourages induction and on-going training, particularly for employees involved in internal control systems, to ensure that their responsibilities and duties in this respect are highlighted and reinforced. Training makes it clear that there may a possibility of disciplinary action taken against employees who ignore such guidance.

## **30 Counter Fraud Operating Plan 2022/2023**

- 30.1 The Counter Fraud Team's proposed operating plan for 2022/23 is presented as Appendix 1. The plan is flexible and subject to change should new significant investigations or risks emerge as the year progresses. Our progress against this plan will be detailed in our 2022/23 Annual Report to the General Purposes Committee.

## Counter Fraud Operating Plan 2022 / 23

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4
<b>GOVERN</b>  Executive support ensures fraud, bribery and corruption measures are embedded within the organisation	Counter Fraud Culture - understanding and support from governing officers	Present Counter Fraud Strategy and Operating Plan to EMT.				x
		Report to Assurance Board, EMT and GPC on performance.	x	x	x	x
		Review and approval of the Whistleblowing, Anti-Money Laundering, and Sanction & Prosecution Policies by EMT and GPC.				x

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4
<b>ACKNOWLEDGE</b> <ul style="list-style-type: none"> <li>• Fraud risks are acknowledged and understood</li> <li>• Key fraud areas and vulnerabilities are risk assessed</li> <li>• Appropriate resources are agreed.</li> </ul>	Counter Fraud Strategy	Publicise Counter Fraud Strategy, including the Anti-fraud and Corruption Statement, as signed by Chief Executive and Leader, via external and internal media, including Intranet, Staff Matters, and Yammer.	x			
	Counter Fraud Operating Plan	Review Operating Plan in line with: <ul style="list-style-type: none"> <li>• Counter Fraud Strategy 2022-23</li> <li>• Regular risk assessments</li> <li>• Internal Audit key findings</li> <li>• Team meetings</li> </ul>	x	x	x	x
	Development of our fraud risk strategy	Develop a Corporate Fraud Risk Register which will be reviewed regularly in line with the Council's Risk Management Strategy.  Reviews will be carried out in conjunction with the Risk Management Group.	x	x	x	x
		The Fraud Risk Assessment will be moved onto Pentana to enable visibility and tracking.	x	x		
		We will use the Corporate Fraud Risk Register and the Fraud Risk Assessment to inform and drive proactive	x	x	x	x



FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4
		exercises, fraud awareness exercises and training plans.				
	Collaboration with Internal Audit Team and Risk Management Team	Examine Audit Terms of Reference (ToR) and issued audit reports to provide intelligence for possible proactive exercises and new fraud risks.	x	x	x	x
		Review Council wide risk registers to ensure emerging/changing risks are appropriately considered by the Counter Fraud Team.	x	x	x	x
		Review overdue audit actions to ascertain whether non implementation has a fraud impact	x	x	x	x

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4
<b>PREVENT</b>	Functionality of Pentana case management system	We will develop a process for risk assessing new fraud referrals in the Pentana System to highlight which cases need to be prioritised.	x	x		
<ul style="list-style-type: none"> <li>Information and Technology is better utilised</li> <li>Fraud controls and processes are enhanced to aid</li> </ul>		We will develop and document clear processes to track fraud cases in Pentana to complement weekly performance management reviews.	x	x		
		Metrics recorded in Pentana will include:				

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4
prevention <ul style="list-style-type: none"> <li>• A more effective anti-fraud culture is developed</li> </ul>		Target deadlines for completion of cases; <ul style="list-style-type: none"> <li>• Time taken to complete investigations; and</li> <li>• Escalation timeframes for outstanding information.</li> </ul>				
	Tracking investigation outcomes	We will ensure that all outcomes and recommendations from fraud investigations, proactive exercises or general awareness of poor controls are logged on Pentana with a timely completion date and action owner.  The implementation of recommendations will be monitored, and non-implementation will be reported to Assurance Board and General Purposes Committee.	x	x	x	x
	Proactive work:  <b>External</b>	National Fraud Initiative  Fraud Hub membership to go live, generating monthly matches for investigation.  Submit datasets for the next national exercise in 2022/23  Maximise the benefits of our CIFAS membership	x	x	x	x
			x	x	x	x

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4
	<b>Internal</b>	Continue to conduct pre and post payment assurance checks for business grants.	x	x	x	x
Council Housing Key Amnesty  Together with our shared service partners at Waltham Forest, and our respective Housing Departments, conduct a “key amnesty” inviting tenants to surrender the keys for any Council accommodation that is no longer required.				x	x	
Complete Procurement - Purchase Card transactions exercise (commenced 2021/22)		x	x			
Complete AP1 payments verification exercise (commenced 2021/22).		x	x			
Complete data-matching of Adult Social Care records against CIFAS database (commenced 2021/22).		x	x			
Employee expenses				x	x	

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4
		Disabled Facilities Grants			x	x
		Direct Payments – random sample for verification		x	x	
		Care leavers – Housing Benefit issues	x			
		Gas safety checks proactive exercise		x		
		Meridian Water – review of Community Chest fund allocations (joint exercise with Internal Audit).			x	x
	Raising Fraud Awareness	Target the areas identified as high risk for further fraud awareness training, roadshows, and workshops by the Counter Fraud team.	x	x	x	x
		Provide tailored training to identified service areas e.g., HR, Procurement, Finance, to raise awareness and encourage reporting of fraud.	x	x	x	x

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4
		Develop a matrix style training approach across the Council. This includes by department, and by role so that senior members of the Council such as Senior Leadership team, Councillors, top level management, middle level management etc. receive tailored fraud training based on their role in the Council.	x	x	x	x
		Review, refresh and then further promote the i-learn training to encourage more Council staff members to complete the i-learn module and seek the backing of the Assurance Board for the training to be made mandatory.	x	x		

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4
		Counter Fraud Team to lead LBE International Fraud Awareness Week in November 2022.		x	x	
	Schools Professional Learning	Continue to provide a joint audit and fraud training session for maintained schools who have purchased the training package.			x	

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4
<b>PURSUE</b> <ul style="list-style-type: none"> <li>• Punish fraudsters</li> <li>• Recover losses</li> <li>• Use civil sanctions</li> <li>• Develop capability and capacity to investigate</li> <li>• Develop collaborative</li> </ul>	Core business activities.	Including: <ul style="list-style-type: none"> <li>• Internal and external referrals</li> <li>• Data Protection Act (DPA) enquiries</li> <li>• Single Fraud Investigation Service (SFIS) referrals</li> <li>• Right to Buy (RTB) cases</li> <li>• No Recourse to Public Funds (NRPF) cases</li> <li>• Financial Investigations (FI)</li> <li>• Corporate cases</li> <li>• Benefit cases</li> </ul> Counter Fraud Team to risk assess all referrals and investigate, where relevant, to a standard for prosecution.	x	x	x	x

and supportive law enforcement response		<b>Reactive work will take priority over proactive work.</b>				
	Review of approach to criminal prosecutions	Actively pursue prosecutions and sanctions and publicise successful cases.		x		

<b>FFCL PILLAR &amp; KEY CONCEPTS</b>	<b>PROJECT DESCRIPTION</b>	<b>TASKS</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>PROTECT</b> <ul style="list-style-type: none"> <li>• Protect against serious organised crime</li> <li>• Protect individuals from becoming victims</li> <li>• Protect against harm fraud can do to community</li> <li>• Protect public funds</li> <li>• Protect against</li> </ul>	Communication	Finalise our Communications Policy	x			
		Promote the Counter Fraud inbox, hotline, and online reporting methods.	x			
		Where possible, we will ensure that all of the Council's online gateways for requesting financial support highlight the consequences of committing fraud and include a link to our Sanction and Prosecution Policy.		x		
	Collaboration	Develop and improve working relationship with internal services and external organisations, including:				

fraud and cyber crime		<ul style="list-style-type: none"> <li>• Digital Services</li> <li>• The Police (Community Safety)</li> <li>• Waltham Forest and other boroughs</li> <li>• LBFIG</li> <li>• CCAS</li> <li>• CIFAS user group</li> <li>• The Government Counter Fraud Profession</li> </ul>	x	x	x	x
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## Appendix B

# Enfield Equality Impact Assessment (EqIA)

## Introduction

The purpose of an Equality Impact Assessment (EqIA) is to help Enfield Council make sure it does not discriminate against service users, residents, and staff, and that we promote equality where possible. Completing the assessment is a way to make sure everyone involved in a decision or activity thinks carefully about the likely impact of their work and that we take appropriate action in response to this analysis.

The EqIA provides a way to systematically assess and record the likely equality impact of an activity, policy, strategy, budget change or any other decision.

The assessment helps us to focus on the impact on people who share one of the different nine protected characteristics as defined by the Equality Act 2010 as well as on people who are disadvantaged due to socio-economic factors. The assessment involves anticipating the consequences of the activity or decision on different groups of people and making sure that:

- unlawful discrimination is eliminated
- opportunities for advancing equal opportunities are maximised
- opportunities for fostering good relations are maximised.

The EqIA is carried out by completing this form. To complete it you will need to:

- use local or national research which relates to how the activity/ policy/ strategy/ budget change or decision being made may impact on different people in different ways based on their protected characteristic or socio-economic status;
- where possible, analyse any equality data we have on the people in Enfield who will be affected e.g., equality data on service users and/or equality data on the Enfield population;
- refer to the engagement and/ or consultation you have carried out with stakeholders, including the community and/or voluntary and community sector groups and consider what this engagement showed us about the likely impact of the activity/ policy/ strategy/ budget change or decision on different groups.

The results of the EqIA should be used to inform the proposal/ recommended decision and changes should be made to the proposal/ recommended decision as a result of the assessment where required. Any ongoing/ future mitigating actions required should be set out in the action plan at the end of the assessment.

The completed EqIA should be included as an appendix to relevant EMT/ Delegated Authority/ Cabinet/ Council reports regarding the service activity/ policy/ strategy/ budget change/ decision. Decision-makers should be confident that a robust EqIA has taken place, that any necessary mitigating action has been taken and that there are robust arrangements in place to ensure any necessary ongoing actions are delivered.

## SECTION 1 – Equality Analysis Details

<b>Title of service activity / policy/ strategy/ budget change/ decision that you are assessing</b>	<b>Report to the General Purposes Committee presenting the Counter Fraud Strategy and 2022/23 Operating Plan.</b>
<b>Lead officer(s) name(s) and contact details</b>	<b>Gemma Young Head of Internal Audit and Risk Management Gemma.Young@Enfield.gov.uk</b>
<b>Team/ Department</b>	<b>Audit and Risk Management Service (Resources)</b>
<b>Executive Director</b>	<b>Fay Hammond</b>
<b>Cabinet Member</b>	<b>Cllr Mary Maguire</b>
<b>Date of EqIA completion</b>	<b>24 January 2022</b>

## SECTION 2 – Summary of Proposal

Please give a brief summary of the proposed service change / policy/ strategy/ budget change/project plan/ key decision

**Please summarise briefly:**

What is the proposed decision or change?

What are the reasons for the decision or change?

What outcomes are you hoping to achieve from this change?

Who will be impacted by the project or change - staff, service users, or the wider community?

We are presenting our Counter Fraud Strategy and 2022/23 Operating Plan to the General Purposes Committee (GPC) on 3 March 2022.

The Strategy provides an overview of the Council's arrangements and responsibilities with regard to counter fraud work. It is currently reviewed annually by the GPC although we are proposing to move this to a 3 year review.

The 2022/23 Operating Plan, which is included as an appendix to the Strategy, sets out in more detail the work that the Counter Fraud Team will undertake throughout the year to counteract existing and emerging fraud threats.

These documents enable the Council to adopt a robust and consistent approach to the prevention and detection of fraud.

Our assessment has identified that persons who are affected by socio-economic deprivation may be more affected by the Strategy as this group is more likely to rely on the Council for financial support, or support with their housing needs, and subsequently a higher proportion of these persons may be subject to investigation where fraud is suspected.

## SECTION 3 – Equality Analysis

This section asks you to consider the potential differential impact of the proposed decision or change on different protected characteristics, and what mitigating actions should be taken to avoid or counteract any negative impact. According to the Equality Act 2010, protected characteristics are aspects of a person's identity that make them who they are. The law defines 9 protected characteristics:

1. Age
2. Disability
3. Gender reassignment.
4. Marriage and civil partnership.
5. Pregnancy and maternity.
6. Race
7. Religion or belief.
8. Sex
9. Sexual orientation.

At Enfield Council, we also consider socio-economic status as an additional characteristic.

“Differential impact” means that people of a particular protected characteristic (e.g., people of a particular age, people with a disability, people of a particular gender, or people from a particular race and religion) will be significantly more affected by the change than other groups. Please consider both potential positive and negative impacts, and, where possible, provide evidence to explain why this group might be particularly affected. If there is no differential impact for that group, briefly explain why this is not applicable.

Please consider how the proposed change will affect staff, service users or members of the wider community who share one of the following protected characteristics.

<b>Age</b>
This can refer to people of a specific age e.g., 18-year olds, or age range e.g., 0-18 year olds.
Will the proposed change to service/policy/budget have a <b>differential impact [positive or negative]</b> on people of a specific age or age group (e.g., older, or younger people)?
Please provide evidence to explain why this group may be particularly affected.
The strategy will not have a differential impact on people of a specific age or age group.
<b>Mitigating actions to be taken</b>
N/A

<b>Disability</b>
A person has a disability if they have a physical or mental impairment which has a substantial and long-term adverse effect on the person's ability to carry out normal day-day activities.
This could include: Physical impairment, hearing impairment, visual impairment, learning difficulties, long-standing illness or health condition, mental illness, substance abuse or other impairments.
Will the proposed change to service/policy/budget have a <b>differential impact [positive or negative]</b> on people with disabilities?
Please provide evidence to explain why this group may be particularly affected.
The strategy will not have a differential impact on people of a specific age or age group.
<b>Mitigating actions to be taken</b>
N/A

<p><b>Gender Reassignment</b></p> <p>This refers to people who are proposing to undergo, are undergoing, or have undergone a process (or part of a process) to reassign their sex by changing physiological or other attributes of sex.</p>
<p>Will this change to service/policy/budget have a <b>differential impact [positive or negative]</b> on transgender people?</p> <p>Please provide evidence to explain why this group may be particularly affected.</p>
<p>The strategy will not have a differential impact on transgender people</p>
<p><b>Mitigating actions to be taken</b></p>
<p>N/A</p>

<p><b>Marriage and Civil Partnership</b></p> <p>Marriage and civil partnerships are different ways of legally recognising relationships. The formation of a civil partnership must remain secular, whereas a marriage can be conducted through either religious or civil ceremonies. In the U.K both marriages and civil partnerships can be same sex or mixed sex. Civil partners must be treated the same as married couples on a wide range of legal matters.</p>
<p>Will this change to service/policy/budget have a <b>differential impact [positive or negative]</b> on people in a marriage or civil partnership?</p> <p>Please provide evidence to explain why this group may be particularly affected</p>
<p>The strategy will not have a differential impact on people in a marriage or civil partnership</p>
<p><b>Mitigating actions to be taken</b></p>
<p>N/A</p>

<b>Pregnancy and maternity</b>
<p>Pregnancy refers to the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this includes treating a woman unfavourably because she is breastfeeding.</p>
<p>Will this change to service/policy/budget have a <b>differential impact [positive or negative]</b> on pregnancy and maternity?</p> <p>Please provide evidence to explain why this group may be particularly affected</p>
<p>The strategy will not have a differential impact on pregnancy and maternity.</p>
<b>Mitigating actions to be taken</b>
N/A

<b>Race</b>
<p>This refers to a group of people defined by their race, colour, and nationality (including citizenship), ethnic or national origins.</p>
<p>Will this change to service/policy/budget have a <b>differential impact [positive or negative]</b> on people of a certain race?</p> <p>Please provide evidence to explain why this group may be particularly affected</p>
<p>The strategy will not have a differential impact on people of a certain race</p>
<b>Mitigating actions to be taken</b>
N/A

<p><b>Religion and belief</b></p> <p>Religion refers to a person’s faith (e.g., Buddhism, Islam, Christianity, Judaism, Sikhism, Hinduism). Belief includes religious and philosophical beliefs including lack of belief (e.g., Atheism). Generally, a belief should affect your life choices or the way you live.</p>
<p>Will this change to service/policy/budget have a <b>differential impact [positive or negative]</b> on people who follow a religion or belief, including lack of belief?</p> <p>Please provide evidence to explain why this group may be particularly affected.</p>
<p>The strategy will not have a differential impact on people who follow a religion or belief, including lack of belief</p>
<p><b>Mitigating actions to be taken</b></p>
<p>N/A</p>

<p><b>Sex</b></p> <p>Sex refers to whether you are a man or woman.</p>
<p>Will this change to service/policy/budget have a <b>differential impact [positive or negative]</b> on men or women?</p> <p>Please provide evidence to explain why this group may be particularly affected.</p>
<p>The strategy will not have a differential impact on men or women</p>
<p><b>Mitigating actions to be taken</b></p>
<p>N/A</p>



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<b>Sexual Orientation</b>
This refers to whether a person is sexually attracted to people of the same sex or a different sex to themselves. Please consider the impact on people who identify as heterosexual, bisexual, gay, lesbian, non-binary or asexual.
Will this change to service/policy/budget have a <b>differential impact [positive or negative]</b> on people with a particular sexual orientation?
Please provide evidence to explain why this group may be particularly affected.
The strategy will not have a differential impact on people with a particular sexual orientation
<b>Mitigating actions to be taken</b>
N/A

<b>Socio-economic deprivation</b>
This refers to people who are disadvantaged due to socio-economic factors e.g., unemployment, low income, low academic qualifications or living in a deprived area, social housing, or unstable housing.
Will this change to service/policy/budget have a <b>differential impact [positive or negative]</b> on people who are socio-economically disadvantaged?
Please provide evidence to explain why this group may be particularly affected.
Persons who are affected by socio-economic deprivation may be more likely to rely on the Council for financial support, or support with their housing needs, and a higher proportion of these persons may be subject to investigation where fraud is suspected.
<b>Mitigating actions to be taken.</b>

Ensure that gateways to apply for assistance are updated to include clear warnings that persons found to have committed fraud will be subject to sanctions in accordance with the Council's Sanction and Prosecution Policy.

## SECTION 4 – Monitoring and Review

How do you intend to monitor and review the effects of this proposal?

Who will be responsible for assessing the effects of this proposal?

We will also ensure that the gateways for Council assistance clearly warn that persons who commit fraud can expect to face sanctions, including criminal prosecution.

Identified Issue	Action Required	Lead officer	Timescale/By When	Costs	Review Date/Comments
Gateway warnings	To continue to ensure all gateways to Council assistance contain appropriate warnings re fraudulent actions and links to the Sanction and Prosecution Policy.	Counter Fraud Manager	30 June 2022	Nil	

## SECTION 5 – Action Plan for Mitigating Actions.

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Report to the Pension Fund Committee

# LONDON BOROUGH OF ENFIELD PENSION FUND

Audit Planning Report: year ended 31 March 2021

IDEAS | PEOPLE | TRUST



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# WELCOME

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We have pleasure in presenting our Audit Planning Report to the General Purposes Committee of London Borough of Enfield Council (the 'Council'). This report forms a key part of our communication strategy with you, a strategy which is designed to promote effective two way communication throughout the audit process with those charged with governance.

It summarises the planned audit strategy for the year ended 31 March 2021 in respect of our audit of the financial statements; comprising materiality, key audit risks and the planned approach to these, together with the BDO team.

The planned audit strategy has been discussed with management to ensure that it incorporates developments in the scheme during the year under review, the results for the year to date and other required scope changes.

We look forward to discussing this plan with you at the General Purposes Committee meeting on 14 October 2021 and to receiving your input on the scope and approach.

In the meantime if you would like to discuss any aspects in advance of the meeting please contact one of the team.

Lisa Blake

06 October 2021



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# SCOPE AND MATERIALITY

## Executive summary

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This summary provides an overview of the key audit matters that we believe are important to the Pension Fund Committee in reviewing the planned audit strategy for the Pension Fund for the year ended 31 March 2021.

It is also intended to promote effective communication and discussion and to ensure that the audit strategy appropriately incorporates input from those charged with governance.

### Audit scope

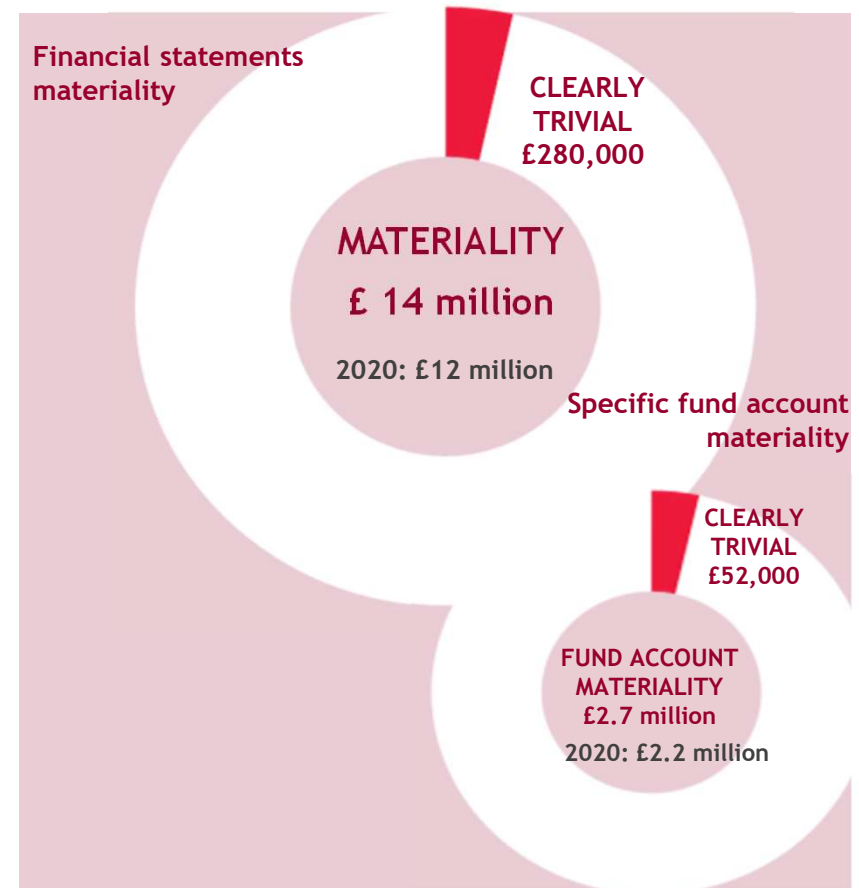
The scope of the audit is determined by the National Audit Office's Code of Audit Practice that sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. This includes auditing the financial statements and, where appropriate, exercising the auditor's wider reporting powers and duties.

Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws, appropriate standards and guidance issued by the National Audit Office.

### Materiality

Planning materiality for the Pension Fund financial statements will be set at 1% of investment assets (prior year 1%). Specific materiality (at a lower level) may be considered appropriate for certain financial statement areas and we set materiality for the Fund Account at 5% of contributions receivable.

Although materiality is the judgement of the engagement lead, the General Purposes Committee should consider whether the auditor's overall work plan, including planned levels of materiality and proposed resources to execute the audit plan, appears consistent with the scope of the audit engagement.





# AUDIT STRATEGY

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Our audit strategy is predicated on a risk based approach, so that audit work is focused on the areas of the financial statements where the risk of material misstatement is assessed to be higher.

We have discussed the changes to the Pension Fund's systems and controls in the year with management and obtained their own view of potential audit risk in order to update our understanding of the Pension Fund's activities and to determine which risks impact on the numbers and disclosures in the financial statements. It is important to note that, at the time of drafting, the Council's 2019/20 audit has not been signed off so we will revisit our planning risk assessment after the final results of that audit are known, and continue to update this assessment throughout the 2020/21 audit.

We will continue to update this assessment throughout the audit.

The table on the next page summarises our planned approach to audit risks identified.

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Risk identified as per our risk assessment	Risk rating	Fraud risk present	Testing approach	Impact of significant judgements and estimates
<b>Management override:</b> Auditing Standards presume management is in a unique position to perpetrate fraud by overriding controls.	Significant	Yes	Substantive	Medium
<b>Pension liabilities valuation:</b> there is a risk that inappropriate assumptions and estimates are used for the valuation of the pension liability.	Significant	No	Substantive	High
<b>Valuation of investment assets (infrastructure and private equity):</b> there is an increased risk that infrastructure and private equity assets may not be appropriately valued as the valuations may not be based on observable market data.	Significant	No	Substantive	Low
<b>Valuation of investment assets (other investments):</b> There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements.	Normal	No	Substantive	High
<b>Contributions receivable:</b> There is a risk that employers may not be calculating contributions correctly or the Pension Fund does not correctly charge costs arising on pension strain for early retirements and augmented pensions.	Normal	No	Substantive	Low
<b>Benefits payable:</b> There is a risk that benefits payable may not be correct based on accrued benefits of members or may not be calculated in accordance with the scheme regulations	Normal	No	Substantive	Low
<b>Membership Disclosure:</b> There is a risk that the membership database may not be accurate and up to date to support this disclosure.	Normal	No	Substantive	Low

# INDEPENDENCE AND FEES

## Executive summary



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### Independence

We confirm that the firm complies with the Financial Reporting Council's Ethical Standard for Auditors and, in our professional judgement, is independent and objective within the meaning of those Standards.

### Fees

	2019/20 Proposed	2019/20 Proposed
Code audit fee	£18,857	£18,857
Supplementary fee	-	<sup>(1)</sup> £12,880
Proposed fee variation	<sup>(2)</sup> £4,400	N/A
<b>Total audit fees</b>	<b>£TBC</b>	<b>£31,737</b>

(1) Additional fees in 2019/20 in response to issues reported in our Audit Completion Report for the year ended 31 March 2020 for increased levels of audit work to match audit quality standards and regulator requirements and triennial valuation.

(2) Estimate for supplementary fees to:

- Meet expectations of regulators for auditors to undertake additional work around management judgements and estimates, to obtain additional corroborating evidence for areas of risk - estimated additional fee £1,900
- Follow up issues arising from the previous audit - estimated additional fee £2,500

These are estimates at this stage, in particular because the 2019/20 audit is not yet complete, and will be reviewed and discussed with the Executive Director Resources, once our work is complete.

# OVERVIEW

## Audit scope and objectives

Key components of our audit objectives and strategy for the Pension Fund are highlighted and explained on the following pages.

It is important to note that, at the time of drafting, the Council's 2019/20 audit is incomplete so we will revisit our planning risk assessment after the final results of that audit are known

Furthermore, audit planning is a collaborative and continuous process and our audit strategy, as reflected here, will be reviewed and updated as our audit progresses.

We will communicate any significant changes to our audit strategy, should the need for such change arise.

Reporting	Objectives
Auditing standards	We will perform our audit in accordance with International Standards on Auditing UK (ISAs (UK)) and relevant guidance published by the National Audit Office.
Financial statements	We will express an opinion on the Pension Fund financial statements, prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2020/21 and other directions.
Statement of Accounts	In addition to our objectives regarding the financial statements, we will also read and consider the other information published together with the financial statements to consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.
Annual Report	We will review the Pension Fund Annual Report and report on the consistency of the Pension Fund financial statements within the Annual Report with the Pension Fund financial statements in the Statement of Accounts.
Report to the General Purposes Committee	Prior to the approval of the financial statements, we will discuss our significant findings with the General Purposes Committee. We will highlight key accounting and audit issues as well as internal control findings and any other significant matters arising from the audit.

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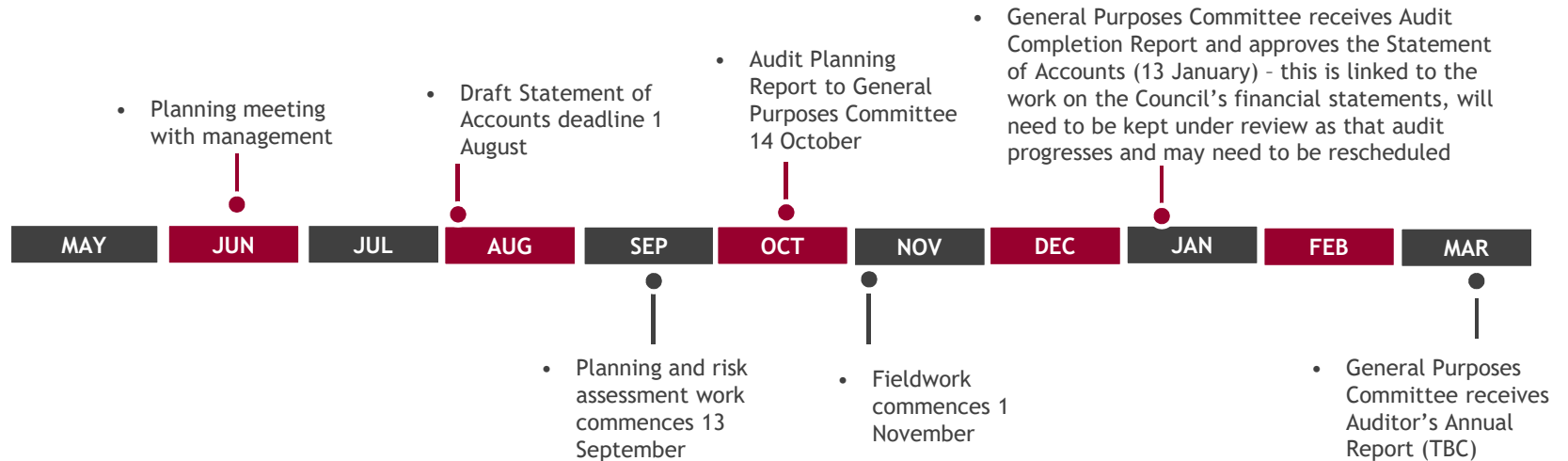
# AUDIT TIMELINE

## An overview of the key dates

In 2019/20 there were a significant number of delayed audit opinions arising from additional audit resources required due to the increasing complexity of local authority financial statements, greater use of complex group structures and activities undertaken through subsidiaries and joint ventures, and pressure on auditors to deliver higher quality audits. These delays have impacted the delivery of grant certification work which, in turn, has significantly disrupted ability to deliver substantial interim audits. As a result of these combined factors, there are insufficient available specialist audit resources in the local public audit sector to deliver all local authority audit opinions ahead of the local authority publication deadline for 2021. We recognise that this is not an ideal situation for the sector but reflects the pressures on audit resources in local public audit.

In BDO, reflecting the above, our resource plans for 2020/21 extend beyond the 30 September local authority publication deadline set. In addition, for London Borough of Enfield specifically, we do not consider it feasible to deliver an audit of the scope, complexity and level of audit risk set out in this Audit Plan within a two month period.

We have agreed with management that we will risk assess our ability to deliver the audit timetable, setting realistic timelines for the preparation and provision of draft accounts and supporting working papers and evidence as well as for their audit.



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# BDO TEAM

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**Lisa Blake**  
**Engagement Lead**

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As audit engagement lead I have primary responsibility to ensure that the appropriate audit opinion is given.

In meeting this responsibility I ensure that the audit has resulted in obtaining sufficient and appropriate evidence to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement, whether due to fraud or error, and to report on the financial statements and communicate as required by the ISAs (UK), in accordance with our findings.

I am responsible for the overall quality of the engagement.



**Francesca Palmer**  
**Audit Manager**

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I will lead on the audit of the Pension Fund. I work closely with Lisa to develop and execute the audit strategy. I will ensure that timelines are carefully managed to ensure that deadlines are met and matters to be communicated to management and the Pension Fund Committee are highlighted on a timely basis.



**Ash Ahmed**  
**Audit Senior**

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e: ash.ahmed@bdo.co.uk

I will be responsible for the day to day supervision of the audit team and a key point of contact for the finance team during the audit, as well being responsible for operational project management. I will also deliver of some of the key audit work in response to significant risks.

# OVERVIEW

## Audit risks

We have assessed the following as audit risks. These are matters assessed as most likely to cause a material misstatement in the financial statements and include those that will have the greatest effect on audit strategy, the allocation of audit resources and the amount of audit focus by the engagement team.

Description of risk	Significant risk / Normal risk	Overview of risk
Management override of controls	Significant	Management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively. We are required to consider this as a significant risk of material misstatement due to fraud.
Pension liabilities valuation	Significant	There is a risk the valuation is not based on appropriate membership data where there are significant changes or uses inappropriate assumptions to value the liability.
Valuation of investment assets (infrastructure and private equity)	Significant	The valuation of infrastructure and private equity holdings is a significant risk as it involves a higher degree of estimation uncertainty.
Valuation of investment assets (other investments)	Normal	There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements.
Contributions receivable	Normal	There is a risk that employers may not be calculating contributions correctly and paying over the full amount due (on normal and deficit rates) or that the Pension Fund does not correctly charge costs arising on pension strain for early retirements and augmented pensions.
Benefits payable	Normal	There is a risk that benefits payable may not be correct based on accrued benefits of members or may not be calculated in accordance with the scheme regulations.
Membership disclosure	Normal	In the prior year we identified that the membership number disclosed in the accounts was incorrect.

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# MANAGEMENT OVERRIDE OF CONTROLS

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**Auditing standards presume management is in a unique position to perpetrate fraud by overriding controls.**

- Significant risk
- Normal risk
- Fraud risk
- Assess design & implementation of controls to mitigate
- Significant Management estimates & judgements
- Controls testing approach
- Substantive testing approach
- Risk highlighted by Council

## Risk detail

Management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively. This could occur in areas such as valuation of investments or contributions receivable. We are required to consider this as a significant risk of material misstatement due to fraud.

## Planned audit approach

Our audit procedures will include the following:

- Analyse and verify journal entries made in the year by agreeing the journals to supporting documentation; we will determine key risk characteristics to filter the population of journals and use our IT team to assist with the journal extraction
- Assessment of estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias
- Assess unadjusted audit differences for indications of bias or deliberate misstatement.



# PENSIONS LIABILITY VALUATION

**There is a risk the valuation is not based on appropriate membership data, where there are significant changes, or uses inappropriate assumptions to value the liability.**

Significant risk	
Normal risk	
Fraud risk	
Assess design & implementation of controls to mitigate	
Significant Management estimates & judgements	
Controls testing approach	
Substantive testing approach	
Risk highlighted by management	

## Risk detail

The fund’s actuarial value of future promised retirement benefits is calculated by an independent firm of actuaries. The estimate is based on the roll forward of membership data from the 2019 triennial valuation exercise, updated at 31 March 2021 for factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.

There is a risk the valuation is not based on appropriate membership data, where there are significant changes, or uses inappropriate assumptions to value the liability.

## Planned audit approach

Our audit procedures will include the following:

- Agree the disclosures to the information provided by the pension fund actuary
- Assess the controls for providing accurate membership data to the actuary
- Check whether any significant changes in membership data have been communicated to the actuary
- Review the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data.

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# VALUATION OF INVESTMENT ASSETS (INFRASTRUCTURE & PRIVATE EQUITY)

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**The valuation of infrastructure and private equity holdings is a significant risk as it involves a higher degree of estimation uncertainty.**

Significant risk	■
Normal risk	□
Fraud risk	□
Assess design & implementation of controls to mitigate	■
Significant Management estimates & judgements	■
Controls testing approach	□
Substantive testing approach	■
Risk highlighted by management	■

## Risk detail

The investment portfolio includes unquoted infrastructure and private equity holdings valued by the fund manager. The valuation of these funds and underlying assets may be subject to a significant level of assumption or estimation and valuations may not be based on observable market data. In some cases, the valuations are provided at dates that are not coterminous with the Pension Fund’s year end and need to be updated to reflect cash transactions (additional contributions or distributions received) since the latest available valuations. There may also be material changes to the underlying values of the assets within the fund between the valuation date of that entity and 31 March 2021.

As a result, we consider there to be a significant risk that investments may not be appropriately valued in the financial statements.

## Planned audit approach

Our audit procedures will include the following:

- Obtain direct confirmation of investment valuations from the fund managers and copies of the audited financial statements (and member allocations) from the fund for infrastructure and private equity funds
- Confirm that appropriate adjustments have been made to the valuations in respect of additional contributions and distributions with the funds where the financial statement date supporting the valuation is not coterminous with the Pension Fund’s year end
- Check whether there may have been material changes in the underlying value of the assets in the funds since the last valuation date and 31 March 2021 per market conditions and latest financial statements or partnership accounts and whether changes have been reflected in an updated valuation provided by the fund manager
- Ensure investments have been correctly valued in accordance with the relevant accounting policies
- Consider whether there are any indications of impairment in relation to the investments held.
- Obtain independent assurance reports over the controls operated by both the fund managers and Custodian for valuations and existence of underlying investments in the funds.

# VALUATION OF INVESTMENT ASSETS (OTHER)

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**There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements.**

Significant risk  
 Normal risk  
 Fraud risk  
 Assess design & implementation of controls to mitigate  
 Significant Management estimates & judgements  
 Controls testing approach  
 Substantive testing approach  
 Risk highlighted by management

### Risk detail

The fair value of other funds (principally unit trusts and pooled investments held through unitised insurance policies) is provided by individual fund managers and reviewed by the Custodian, and reported on a quarterly basis. These funds are quoted on active markets.

There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements.

### Planned audit approach

Our audit procedures will include the following:

- Obtain direct confirmation of investment valuations from the fund managers and agreed valuations, where possible, to readily available observable data (such as Bloomberg)
- Ensure that investments have been correctly valued in accordance with the relevant accounting policies
- Consider whether there are any indications of impairment in relation to the investments held.
- Obtain independent assurance reports over the controls operated by both the fund managers and Custodian for valuations and existence of underlying investments in the funds.

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**There is a risk that employers may not be calculating contributions correctly or the Pension Fund does not correctly charge costs arising on pension strain for early retirements and augmented pensions.**

- Significant risk
- Normal risk
- Fraud risk
- Assess design & implementation of controls to mitigate
- Significant Management estimates & judgements
- Controls testing approach
- Substantive testing approach
- Risk highlighted by management

## Risk detail

Employers are required to deduct amounts from employee pensionable pay based on tiered pay rates and to make employer normal and deficit contributions in accordance with rates agreed with the actuary.

Additional contributions are also required against pension strain for unreduced pensions for early retirements and augmentation of pensions.

There is a risk that employers may not be calculating contributions correctly, not paying over the full amount due to the Pension Fund or failing to charge employers the capital cost of pension strain due to early retirement.

## Planned audit approach

Our audit procedures will include the following:

- Test a sample of normal contributions due, additional deficit contributions where included in a higher employer rate and employer deficit lump sum payments for active members including checking to employer payroll records
- Review contributions receivable and ensure that income is recognised in the correct accounting period where the employer is making payments in the following month
- Perform tests over capital cost due from employers for pension strain due to early retirement
- Carry out audit procedures to review contributions income in accordance with the Actuary’s Rates and Adjustments Certificate, including specified increased rates to cover the minimum contributions to be paid as set out in the Certificate.

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**There is a risk that benefits payable may not be correct based on accrued benefits of members or may not be calculated in accordance with the scheme regulations.**

Significant risk
Normal risk
Fraud risk
Assess design & implementation of controls to mitigate
Significant Management estimates & judgements
Controls testing approach
Substantive testing approach
Risk highlighted by management

## Risk detail

Benefits payable may not be correct based on accrued benefits of members or may not be calculated in accordance with the scheme regulations. Payment to wrong or non-existent members will result in loss of assets and risk of reputational damage.

## Planned audit approach

Our audit procedures will include the following:

- For members leaving the scheme and deferring their pension and members becoming entitled to receive pension during the year, substantively test a sample of calculations of pension entitlement
- Check the correct application of annual pension uplift for members in receipt of benefits
- Check a sample of pensioners in receipt of pensions to underlying records to confirm the existence of the member and also review the results of the 'Tell Us Once' notification from HRMC to ensure future payments have been suspended for any bereavements identified
- Review the results of the latest National Fraud Initiative (NFI) data matching exercise of members in receipt of benefits with the records of deceased persons and what actions have been taken to resolve potential matches
- Review any life certification exercises undertaken for members that are excluded from the National Fraud Initiative
- Agree amounts recorded in the ledger for benefits paid to the pensioner payroll reports.

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**There is a risk that the membership database may not be accurate and up to date to support this disclosure.**

### Risk detail

Membership information including the number of current contributors, deferred beneficiaries and pensioners by employer is required to be disclosed.

There is a risk that the membership database may not be accurate and up to date to support this disclosure.

### Planned audit approach

Our audit procedures will include the following:

- Obtain membership records and review the controls over the maintenance of these records; and
- Undertake sample testing of movements of members to transactions recorded in the fund account.

Significant risk
Normal risk
Fraud risk
Assess design & implementation of controls to mitigate
Significant Management estimates & judgements
Controls testing approach
Substantive testing approach
Risk highlighted by pension fund

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## Fraud

Whilst the directors of the Council have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit approach includes the consideration of fraud throughout the audit and includes making enquiries of management and those charged with governance.

We have not been made aware of any actual alleged or suspected incidences of fraud. We request confirmation from the General Purposes Committee on the risks and existence of fraud and a discussion on the controls and processes in place to ensure timely identification and action.

Management believe that there is low risk of material misstatement arising from fraud and that controls in operation would prevent or detect material fraud.

It should be noted, however, that at the time of drafting our fraud risk assessment is not fully complete and will be updated after the 2019/20 audit is signed off.

## Accounting policies

We will report to you on significant qualitative aspects of your chosen accounting policies. We will consider the consistency and application of the policies and we will report to you where accounting policies are inconsistent with the CIPFA Code of Practice on Local Authority Accounting 2020/21 under the circumstances.

## Significant accounting estimates and judgements

We will report to you on significant accounting estimates and judgements. We will seek to understand and perform audit testing procedures on accounting estimates and judgements including consideration of the outcome of historical judgements and estimates. We will report to you our consideration of whether management estimates and judgements are within an acceptable range.

## Internal audit

We will ensure that we maximise the benefit of the overall audit effort carried out by internal audit and ourselves, whilst retaining the necessary independence of view.

We will review the reports issued by the Council's internal audit function, as relevant to the Pension Fund, although we do not plan place reliance on their work in respect of their assessment of control processes.

## Laws and regulations

We will consider compliance with laws and regulations. The most significant of these for your organisation includes VAT legislation, Employment Taxes, Health and Safety and the Bribery Act 2010. We will make enquiries of management and review correspondence with the relevant authorities.

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## Related parties

Whilst you are responsible for the completeness of the disclosure of related party transactions in the financial statements, we are also required to consider related party transactions in the context of fraud as they may present greater risk for management override or concealment of fraud. Our audit approach includes the consideration of related party transactions throughout the audit including making enquiries of management.

## Financial statement disclosures

We will report to you on the sufficiency and content of your financial statement disclosures.

## Contingencies

We request input from the Pension Fund Committee on recent claims.

## Any other matters

We will report to you on any other matters relevant to the overseeing of the financial reporting process. Where applicable this includes why we consider a significant accounting practice that is acceptable under the financial reporting framework not to be the most appropriate.





# IRREGULARITIES (INCLUDING FRAUD)

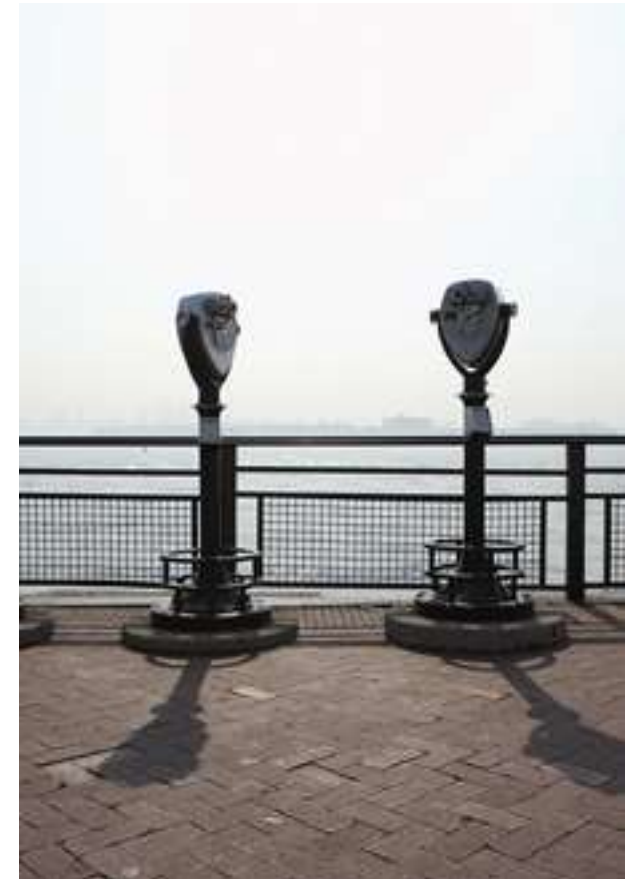
We are required to include in our auditor's report an explanation of the extent to which the audit is considered capable of detecting irregularities (non compliance with laws and regulations), including fraud.

Our audit is designed to provide reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error. We design audit procedures to respond to the risk of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error.

Our audit work will focus on laws and regulations that could give rise to a material misstatement in the Pension Fund's financial statements and may include, where appropriate:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations
- Enquiries of management, those charged with governance and the Pension Fund's legal advisers
- Agreement of the financial statement disclosures to underlying supporting documentation
- Review of minutes of Pension Fund Committee meetings throughout the year and of correspondence with regulatory authorities
- Written representations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.



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# ACCOUNTING ESTIMATES

**Revision to ISA (UK) 540 means that we may need to update our approach to the audit of accounting estimates - including confirmation and documentation of our understanding of the Pension Fund's estimation process.**

We will need to obtain an understanding of how you control your estimation process including not only the design and implementation of the process, but also the policies and procedures you put in place to satisfy yourself that each step in the process is properly applied, and that the resulting accounting estimates are reasonable.

For significant accounting estimates, particularly those that are complex or where there is a high degree of estimation uncertainty we will also make enquiries about how you:

- Make those responsible for deriving or changing your accounting estimates aware of relevant significant transactions, conditions or events
- Review the outcome(s) of previous accounting estimates and respond to the results of that review
- Identify and comply with the relevant requirements in the applicable financial reporting framework regarding your accounting estimates and related disclosures including how they are affected by complexity and your judgment
- Account for regulatory factors relevant to the Pension Fund's accounting estimates including, when applicable, regulatory frameworks related to prudential supervision
- Identify the need for, and apply, specialised skills or knowledge related to accounting estimates, including with respect to the use of a management's expert
- Identify and address risks related to accounting estimates through your risk assessment process

- Identify relevant methods (including models), assumptions and data and the need for changes in them, to select those to apply
- Address the degree of estimation uncertainty in selecting your final point estimates
- Describe in your financial statements matters related to your process for deriving your accounting estimates, and matters related to the degrees of estimation uncertainty underlying your accounting estimates
- Ensure there is oversight and governance in place over management's financial reporting process relevant to accounting estimates.

Under ISA (UK) 540 (revised) our audit approach will involve a more granular risk assessment relating to each significant estimate and separate consideration of the methods (or models) applied in calculating the estimate, the nature, source and reliability of data used and the significance, consistency and appropriateness of assumptions made.

We will also request written representations from you regarding the reasonableness of the methods, significant assumptions and the data used in determining the monetary amounts of accounting estimates, including the related disclosures, in accordance with the CIPFA Code of Practice on Local Authority Accounting 2020/21.

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# IT GENERAL CONTROLS

IT General Controls (ITGCs) are the policies and procedures that relate to many IT applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems. They commonly include controls over data center and network operations; system software acquisition, change and maintenance; access security; and application system acquisition, development, and maintenance.

ITGCs are an important component in systems of internal control, and sometimes have a direct impact on the reliability of other controls.

IT assurance is embedded in our audit strategy to ensure the IT systems provide a suitable platform for the control environment and is undertaken in conjunction with our IT Assurance team. Our testing strategy includes a tailored range of data analytics, system configuration and IT environment testing.

We will also obtain an understanding of the information system, including the related business processes relevant to financial reporting, to include:

- SAP
- Altair



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# FRC ETHICAL STANDARD (DECEMBER 2019)

In December 2019 the FRC published the Revised Ethical Standard 2019 ('ES'), which is applicable from 15 March 2020. There are some transitional provisions for services and arrangements that are not currently prohibited under the existing Standard. The ES aims to further strengthen auditor independence and enhance confidence in the profession. The table below provides a high level summary of the key headlines as applicable to our audit of the Council.

Key headlines	Impact
<b>The objective, reasonable &amp; informed third party test</b>	Reinforcement that ethical principles take priority over rules. A need to take care where particular facts and circumstances are either not addressed directly by the rules or might appear to 'work around' the rules, or result in an outcome that is inconsistent with the general principles.
<b>Contingent fees</b>	Non-audit services with contingent or success-based fee arrangements will be prohibited for audited entities.
<b>Secondments</b>	All secondments/loan staff to audited entities are prohibited with the exception of secondments to public sector entities.
<b>Recruitment and remuneration services</b>	Prohibition on providing remuneration services to audited entities such as advising on the quantum of the remuneration package or the measurement criteria for calculation of the package. In addition, the prohibition on providing recruitment services to an audited entity that would involve the firm taking responsibility for, or advising on the appointment of, any director or employee of the entity.

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# INDEPENDENCE

**Under ISAs (UK) and the FRC's Ethical Standard we are required, as auditors, to confirm our independence.**

We have embedded the requirements of the auditing standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement leads are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement.

This document considers such matters in the context of our audit for the year ending 31 March 2021.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Pension Fund.

We also confirm that we have obtained confirmation that external audit experts involved in the audit comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Pension Fund.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

### **Non-audit services**

We do not carry out any non-audit services in respect of the Pension Fund.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

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# MANAGEMENT RESPONSIBILITIES

## Management responsibilities and reporting

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### Financial reporting

The Council is expected to have effective governance arrangements to deliver its objectives. To this end, the publication of the financial statements is an essential means by which the Pension Fund accounts for its stewardship and use of the public money at its disposal.

The form and content of the Pension Fund's financial statements, and any additional schedules or returns for consolidation purposes, should reflect the requirements of the relevant accounting and reporting framework in place and any applicable accounting standards or other direction under the circumstances.

The Council is also required to prepare schedules or returns to facilitate the preparation of consolidated accounts such as HM Treasury's Whole of Government Accounts.

The Section 151 Officer is responsible for preparing and filing a Statement of Accounts and financial statements which show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2020/21, applicable accounting standards or other direction under the circumstances.

Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of materially accurate financial statements.





# OUR RESPONSIBILITIES

## Responsibilities and reporting

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### Our responsibilities and reporting - financial reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements. We report our opinion on the financial statements to the General Purposes Committee.

We read and consider the ‘other information’ contained in the Statement of Accounts such as the additional narrative reports. We will consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit

### What we don't report

Our audit is not designed to identify all matters that may be relevant to the Pension Fund and the General Purposes Committee and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.





# COMMUNICATION WITH YOU

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## Those charged with governance

References in this report to ‘those charged with governance’ are to the Pension Fund as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the General Purposes Committee.

## Communication, meetings and feedback

We request feedback from you on our planning and completion report to promote two way communication throughout the audit process and to ensure that all risks are identified and considered; and at completion that the results of the audit are appropriately considered. We will meet with management throughout the audit process. We will issue regular updates and drive the audit process with clear and timely communication, bringing in the right resource and experience to ensure efficient and timely resolution of issues.

## Audit Planning Report

The Audit Planning Report sets out all planning matters which we want to draw to your attention including audit scope, our assessment of audit risks and materiality.

## Internal Controls

We will consider internal controls relevant to the preparation of financial statements in order to design our audit procedures and complete our work. This is not for the purpose of expressing an opinion on the effectiveness of internal control.

## Audit Completion Report

At the conclusion of the audit, we will issue an Audit Completion Report to communicate to you key audit findings before concluding our audit opinion. We will include any significant deficiencies in internal controls which we identify as a result of performing audit procedures. We will meet with you to discuss the findings and in particular to receive your input on areas of the financial statements involving significant estimates and judgements and critical accounting policies.

Once we have discussed the contents of the Audit Completion Report with you and having resolved all outstanding matters we will issue a final version of the report.

# TEAM MEMBER ROTATION

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These tables indicates the latest rotation periods normally permitted under the independence rules of the FRC’s Ethical Standard.

In order to safeguard audit quality we will employ a policy of gradual rotation covering the team members as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.

## Independence - engagement team rotation

Senior team members	Number of years involved	Rotation to take place after
Lisa Blake Audit Partner	1	5 years
Francesca Palmer Manager	1	10 years

## Independence - audit quality control

	Number of years involved	Rotation to take place after
Engagement quality control reviewer	2	10 years

# MATERIALITY: DEFINITION AND APPLICATION

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### Concept and definition

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality therefore has qualitative as well as quantitative aspects and an item may be considered material, irrespective of its size, if it has an impact on (for example):

- Narrative disclosure e.g. accounting policies, going concern
- Instances when greater precision is required (e.g. disclosure of senior officers' remuneration and related party transactions).

International Standards on Auditing (UK) also allow the auditor to set a lower level of materiality for particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

### Calculation and determination

We have determined materiality based on professional judgement in the context of our knowledge of the entity, including consideration of factors such as industry developments, financial stability and reporting requirements for the financial statements.

We determine materiality in order to:

- Assist in establishing the scope of our audit engagement and audit tests
- Calculate sample sizes
- Assist in evaluating the effect of known and likely misstatements on the financial statements.

### Reassessment of materiality

We will reconsider materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality if we had been aware.

Further, when we have performed all our tests and are ready to evaluate the results of those tests (including any misstatements we detected) we will reconsider whether materiality combined with the nature, timing and extent of our auditing procedures, provided a sufficient audit scope.

**Definition of materiality under IFRS**

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

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If we conclude that our audit scope was sufficient, we will use materiality to evaluate whether uncorrected misstatements (individually or in aggregate) are material.

You should be aware that any misstatements that we identify during our audit, both corrected and uncorrected errors, might result in additional audit procedures being necessary.

**Unadjusted errors**

We will communicate to you all uncorrected misstatements identified during our audit, other than those which we believe are ‘clearly trivial’.

Clearly trivial is defined as matters which will be of a wholly different (smaller) order of magnitude than the materiality thresholds used in the audit, and will be matters that are clearly inconsequential, whether taken individually or in aggregate.

We will obtain written representations from the Pension Fund Committee confirming that in their opinion these uncorrected misstatements are immaterial, both individually and in aggregate and that, in the context of the financial statements taken as a whole, no adjustments are required.

We will request that you correct all uncorrected misstatements. In particular we would strongly recommend correction of errors whose correction would affect compliance with contractual obligations or governmental regulations. Where you choose not to correct all identified misstatements we will request a written representation from you setting out your reasons for not doing so and confirming that in your view the effects of any uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as whole.

# NEW ACCOUNTING STANDARDS, AUDITING STANDARDS AND OTHER FINANCIAL REPORTING DEVELOPMENTS

We would like to draw to your attention the following summary of key changes to standards, regulations and other financing reporting developments, their effective dates and an indication, based on preliminary discussions with management and our sector understanding, of their possible effect on the annual report.

New Accounting Standards, Auditing Standards and Other Financial Reporting Developments	Expected effect				Effective for periods beginning on or after 1 January	
	None	Low	Medium	High	2020	2021
Amendments to IFRS 3 <i>Definition of a business</i>		●				●
Auditing standard - audit of accounting estimates						
Increased emphasis on understanding management’s processes, systems and controls estimation uncertainty and financial statement disclosures			●		●	
Auditing standard - going concern						
Increased emphasis on evaluation of management’s assessment of the entity’s ability to continue as a going concern			●		●	
Auditing standard - audit reports						
New audit report format with updated conclusion on going concern and reference to irregularities, including fraud			●		●	

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FOR MORE INFORMATION:

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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 company and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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Report to the General Purposes Committee

# LONDON BOROUGH OF ENFIELD

Audit Planning Report: year ended 31 March 2021

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We have pleasure in presenting our Audit Planning Report to the General Purposes Committee of London Borough of Enfield (the 'Council'). This report forms a key part of our communication strategy with you, a strategy which is designed to promote effective two way communication throughout the audit process with those charged with governance.

It summarises the planned audit strategy for the year ended 31 March 2021 in respect of our audit of the financial statements and use of resources; comprising materiality, key audit risks and the planned approach to these; together with timetable and the BDO team.

The planned audit strategy has been discussed with management to ensure that it incorporates developments in the business during the year under review, the results for the year to date and other required scope changes.

This report contains matters which should properly be considered by the Council as a whole. We expect that the General Purposes Committee will refer such matters to the Council, together with any recommendations, as it considers appropriate.

We look forward to discussing this plan with you at the General Purposes Committee meeting on 14 October 2021 and to receiving your input on the scope and approach.

In the meantime if you would like to discuss any aspects in advance of the meeting please contact one of the team.

**Lisa Blake**  
**06 October 2021**



**Lisa Blake**

**Audit Partner**

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**Audit Manager**

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This report has been prepared solely for the use of the General Purposes Committee and Those Charged with Governance. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.

# SCOPE AND MATERIALITY

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This summary provides an overview of the key audit matters that we believe are important to the General Purposes Committee in reviewing the planned audit strategy for the Council and Group for the year ended 31 March 2021.

It is also intended to promote effective communication and discussion and to ensure that the audit strategy appropriately incorporates input from those charged with governance.

### Audit scope

The scope of the audit is determined by the National Audit Office's Code of Audit Practice that sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. This includes: auditing the financial statements and consolidated entities (together the 'Group'); reviewing the arrangements to secure value for money through the economic, efficient and effective use of its resources; and, where appropriate, exercising the auditor's wider reporting powers and duties. The Code of Audit Practice was updated with effect from 1 April 2020 and as a consequence the scope of the use of resources work has changed for the year ended 31 March 2021. More information on this change is included on page 24.

Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws, appropriate standards and guidance issued by the National Audit Office.

### Materiality

Planning materiality for the Council and the Group will be set at 1.75% of gross expenditure for the year (prior year 1.75%). This will be revisited when the revised draft financial statements are received for audit.

Although materiality is the judgement of the engagement lead, the General Purposes Committee is obliged to satisfy themselves that the materiality chosen is appropriate for the scope of the audit. We have reduced our performance materiality (which determines testing level) this year due to the level of errors found in the 2019/20 audit. This will result in more substantive testing during the 2020/21 audit to gain the level of audit assurance required to give the opinion.



# AUDIT STRATEGY

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Our audit strategy is predicated on a risk based approach, so that audit work is focused on the areas of the financial statements where the risk of material misstatement is assessed to be higher, or where there is a risk that the organisation has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have discussed the changes to the Council's systems and controls in the year with management and obtained their own view of potential audit risk in order to update our understanding of the Group's activities and to determine which risks impact on the numbers and disclosures in the financial statements, or on its arrangements for securing economy, efficiency and effectiveness in its use of resources. It is important to note that, at the time of drafting, the Council's 2019/20 audit has not been signed off so we will revisit our planning risk assessment after the final results of that audit are known, and continue to update this assessment throughout the 2020/21 audit.

The table on the next page summarises our planned approach to audit risks identified. The key changes to the audit risks identified or their classification in the current year are:

- The CIPFA asset register migration is now complete and therefore no longer considered to present an audit risk
- Recognition of grant income has been added as a risk, due in part to receipt of COVID19 related grants

Housing benefit expenditure will be subject to a controls based audit approach, all other material areas will be subject to a substantive audit approach.

# AUDIT RISKS OVERVIEW

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Risks identified per our risk assessment - Financial statements	Risk rating	Fraud risk present	Testing approach	Impact of significant judgements and estimates
1. <b>Management override:</b> auditing standards presume management is in a unique position to perpetrate fraud by overriding controls.	Significant	Yes	Substantive	Medium
2. <b>Recognition of grant income:</b> there is a risk that income could be recognised before grant conditions are met.	Significant	Yes	Substantive	High
3. <b>Recognition of expenditure:</b> there is a risk that expenditure is recognised in an incorrect accounting period.	Significant	Yes	Substantive	Low
4. <b>Valuation of non current assets:</b> there is a risk that incorrect assumptions and estimates or inaccurate/incomplete input data is used in the valuation of properties.	Significant	No	Substantive	High
5. <b>Classification of surplus assets and assets under construction:</b> there is a risk that assets within the property, plant and equipment balance are not included within the correct classification.	Significant	No	Substantive	Medium
6. <b>Pension assets valuation:</b> there is a risk that inappropriate assumptions and estimates are used for the valuation of pension assets.	Significant	No	Substantive	High
7. <b>Pension liabilities valuation:</b> there is a risk that inappropriate assumptions and estimates are used for the valuation of the pension liability.	Significant	No	Substantive	High
8. <b>Preparation of the financial statements:</b> there is a risk that the financial statements presented for audit contain non-trivial errors or inadequate working papers and evidence are provided for audit.	Significant	No	Substantive	Low
9. <b>Pension liabilities of Independence and Wellbeing Enfield:</b> there is a risk that the pension liabilities relating to Independence and Wellbeing Enfield are not correctly treated within the Council's accounts following the winding up of the company.	Significant	No	Substantive	Medium

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# AUDIT RISKS OVERVIEW

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<b>Risk identified per our risk assessment - Use of resources</b>	<b>Risk rating</b>	<b>Relevant criteria</b>	<b>Audit approach</b>	<b>Impact of significant judgements and estimates</b>
10. <b>Meridian Water:</b> inadequate arrangements to monitor progress of the Meridian Water development	Significant	Governance	Detailed assessment of project management plans	Low
11. <b>Medium term financial strategy:</b> inadequate arrangements in place to plan and manage resources to ensure continuous service delivery	Significant	Financial sustainability	Detailed assessment of MTFS and savings plans	Medium

# INDEPENDENCE AND FEES

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### Independence

We confirm that the firm complies with the Financial Reporting Council's Ethical Standard for Auditors and, in our professional judgement, is independent

### Fees

	2020/21	2019/20
Code audit fee	<sup>1</sup> £132,104	<sup>2</sup> £132,104
Additional audit fees:		
• Use of resources new methodology	<sup>3</sup> £19,000	N/A
• Additional work required in response to complexity of accounts	TBC	TBC
<b>Total audit fees</b>	<b>TBC</b>	<b>TBC</b>

### Fee variances

<sup>1</sup>The audit fee is based on audit scope under the Code of Audit Practice 2015. For London Borough of Enfield there is additional audit work required in response to the high level of audit risk present as a result of the level and complexity of issues encountered in recent years, changes in auditing standards as outlined on pages 28, 32, 34 and 43 and significantly greater pressure on auditors to deliver higher quality audits and to demonstrate greater professional scepticism when carrying out their work. This has resulted in auditors needing to exercise greater challenge to the areas where management makes judgements or relies upon advisers, for example, in relation to estimates and related assumptions within the accounts. As a result, audit firms have updated their work programmes and reinforced their internal processes and will continue to do so to enable them to meet the expectations of audit regulators. Additional fees for scope increases are only an estimate at this stage.

<sup>2</sup> The PSAA initial scale fee for the Council audit in 2019/20 was £132,104, due to the increased costs we have incurred as a result of the issues previously reported to this Committee including the fixed asset register migration, poor quality accounts and working papers, issue arising on property valuations and the impact of COVID19 we will be proposing a significant additional fee to management. This fee will then require review and approval by PSAA.

<sup>3</sup> A new Code is effective for periods commencing 1 April 2020, which significantly increases the work of auditors for reporting on a body's use of resources. We estimate a fee variation of £19,000 to the scale fee for 2020/21 will be required to reflect the changes to the Audit Code of Practice (detail on page 25) which significantly increases the work required for reporting on a body's use of resources. Based on recent additional information published by PSAA we expect London Borough of Enfield to be at the higher end of the expected range, however this will be revisited once the work has been completed.

# OVERVIEW

## Audit scope and objectives

Key components of our audit objectives and strategy for the Group are highlighted and explained on the following pages.

It is important to note that, at the time of drafting, the Council's 2019/20 audit is incomplete so we will revisit our planning risk assessment after the final results of that audit are known

Furthermore, audit planning is a collaborative and continuous process and our audit strategy, as reflected here, will be reviewed and updated as our audit progresses.

We will communicate any significant changes to our audit strategy, should the need for such change arise.

Reporting	Objectives
Auditing standards	We will perform our audit in accordance with International Standards on Auditing UK (ISAs (UK)) and relevant guidance published by the National Audit Office.
Financial statements	We will express an opinion on the Council and Group financial statements, prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2020/21 and other directions.
Statement of Accounts	In addition to our objectives regarding the financial statements, we will also read and consider the other information contained in the Statement of Accounts to consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.
WGA	We will review the Whole of Government Accounts (WGA) return and express an opinion on the return whether it is consistent with the audited financial statements.
Additional powers and duties	Where necessary we may be required to: issue of a report in the public interest; make a written recommendation to the Council; allow local electors to raise questions and objections on the accounts; or exercise legal powers to apply to the courts for a declaration that an item of account is contrary to law, issue an advisory notice or an application for a judicial review.
Audit Completion Report to the General Purposes Committee	Prior to the approval of the financial statements, we will discuss our significant findings with the General Purposes Committee. We will highlight key accounting and audit issues as well as internal control findings and any other significant matters arising from the audit.
Use of resources and Auditor's Annual Report	We will provide an annual commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken during the year and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from the Council. The Auditor's Annual Report is required to be published by the Council no later than 3 months after the audit opinion is issued.

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# AUDIT SCOPE ENTITIES, COMPONENTS AND AUDIT RISKS

As Group auditor we are required to design an audit strategy to ensure we have obtained the required audit assurance for each component for the purposes of our Group audit opinion ISA (UK) 600.

A high-level overview of how we have designed the Group audit strategy is summarised below to ensure you have clear oversight of the scope of the work we intend to perform on each entity.

Audit Risks, covered later in this report, are cross referenced to each entity to provide clarity over how these arise within your business and where the focus of the audit work will be.

The clearly trivial threshold for all components has been set at the Group level, being £500,000.

Entity	Nature of Operations	Audit classification	Reason for classification	Audit Risks	Component Materiality and basis of assessment	Audit strategy
London Borough of Enfield	Provides full range of local authority services	Significant component	Parent entity and significant component of the group	Risks 1-9	£20.1m	Statutory audit performed by BDO UK
Housing Gateway Limited	Housing	Significant component	Risk due to asset valuation	Risk 4	Group Materiality as specified procedure	Statutory audit performed by other auditor. Specified procedures reviewed and completion of group instructions.
Enfield Innovations Limited	Property management	Non significant component	Size	N/A	N/A	Statutory audit performed by other auditor. Desktop review carried out by BDO.
Independence & Well Being Enfield Limited	Social care	Non significant component	Size	N/A	N/A	Statutory audit performed by other auditor. Desktop review carried out by BDO.
Lee Valley Heat Network (Energetik)Ltd	Energy trading	Non significant component	Size	N/A	N/A	Statutory audit performed by other auditor. Desktop review carried out by BDO.

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# AUDIT TIMELINE

## An overview of the key dates

In 2019/20, across the local authority sector, there were a significant number of delayed audit opinions arising from additional audit resources required due to the increasing complexity of local authority financial statements, greater use of complex group structures and activities undertaken through subsidiaries and joint ventures, and pressure on auditors to deliver higher quality audits. These matters, against the backdrop of delivering audits remotely as a result of the pandemic, have impacted the delivery of grant certification work which, in turn, has significantly disrupted ability to deliver substantial interim audits. As a result of these combined factors, there are insufficient available specialist audit resources in the local public audit sector to deliver all local authority audit opinions ahead of the local authority publication deadline for 2021. We recognise that this is not an ideal situation for the sector but reflects the pressures on audit resources in local public audit.

In BDO, reflecting the above, our resource plans for 2020/21 extend beyond the 30 September local authority publication deadline set. In addition, for London Borough of Enfield specifically, we do not consider it feasible to deliver an audit of the scope, complexity and level of audit risk set out in this Audit Plan within a two month period, particularly when it has not been possible to conduct an interim audit. Furthermore, the 2019/20 audit has not yet been completed or signed due primarily to matters relating to asset migration and capital accounting more broadly, which is disrupting the planned timetabling of the 2020/21 audit.

We have agreed with management that we will risk assess our ability to deliver the audit timetable, setting realistic timelines for the preparation and provision of draft accounts and supporting working papers and evidence as well as for their audit.



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# BDO TEAM

## Team responsibilities



**Lisa Blake**  
**Partner**  
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e: Lisa.blake@bdo.co.uk

As audit engagement lead I have primary responsibility to ensure that the appropriate audit opinion is given.

In meeting this responsibility I ensure that the audit has resulted in obtaining sufficient and appropriate evidence to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement, whether due to fraud or error, and to report on the financial statements and communicate as required by the ISAs (UK), in accordance with our findings.

I will ensure that we have undertaken sufficient work to assess the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources against the guidance published by the National Audit Office.

I am responsible for the overall quality of the engagement and am supported by the rest of the team as set out here.



**Francesca Palmer**  
**Manager**  
t: 01473 320739  
e: francesca.palmer@bdo.co.uk

I will lead on the audit of the Council. I work closely with Lisa to develop and execute the audit strategy. I will be a key point of contact on a day to day basis and will ensure that timelines are carefully managed to ensure that deadlines are met and matters to be communicated to management and the General Purposes Committee are highlighted on a timely basis.



**Roopal Bakrania**  
**Assistant Manager**  
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e: Roopal.Bakarania@bdo.co.uk

I will be responsible for the day to day supervision of the audit team, and will be responsible for the delivery of the key audit work.

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# OVERVIEW

## Audit risks

We have assessed the following as audit risks. These are matters assessed as most likely to cause a material misstatement in the financial statements or impact on our use of resources opinion and include those that will have the greatest effect on audit strategy, the allocation of audit resources and the amount of audit focus by the engagement team.

Risk area	Risk rating	Overview of risk
1. Management override	Significant	ISA (UK) 240 presumes that management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
2. Recognition of grant income	Significant	Auditing standards presume that income recognition presents a fraud risk. Therefore we have considered the risks relating to the various income streams received by the Council and concluded that recognising grant income before the conditions are met is a significant risk of material misstatement.
3. Recognition of expenditure	Significant	For public sector bodies the risk of fraud related to expenditure recognition is also relevant as the out turn of the Council can be manipulated by either including material expenditure that should be in the following year or excluding material expenditure that should be included in the current year.
4. Valuation of non current assets	Significant	There is a risk of valuation of assets due to the high degree of estimation uncertainty and where updated valuations have not been provided for a class of assets at the year-end. There is also a risk of incomplete or inaccurate information used in the valuation of these assets.
5. Classification of surplus assets and assets under construction	Significant	There is a risk of misclassification of surplus assets and assets under construction due to the changes between categories that need to be manually processed through the asset register
6. Pension assets valuation	Significant	The valuation of the pension assets is a significant risk as it involves a high degree of estimation uncertainty. The Pension fund includes investments in private equity and unquoted infrastructure valued by the fund manager and these may not be based on observable market data.
7. Pension liabilities valuation	Significant	The valuation of the pension liability is a significant risk as it involves a high degree of estimation uncertainty and relies on the use of complex actuarial models and a high level of assumptions.

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## Audit risks (continued)

We have assessed the following as audit risks. These are matters assessed as most likely to cause a material misstatement in the financial statements or impact on our use of resources opinion and include those that will have the greatest effect on audit strategy, the allocation of audit resources and the amount of audit focus by the engagement team.

Risk Area	Risk rating	Overview of risk
8. Preparation of financial accounts	Significant	Our audits in prior years have identified significant weaknesses in the Council's process for preparing the financial statements and working papers, and significant levels of misstatements including prior period adjustments have been identified for a number of years.
9. Pension liabilities of Independence and Wellbeing Enfield	Significant	The staff from Independence and Wellbeing Enfield, together with their pension liability have been transferred back to the Council on the winding up of the company. The treatment of this is a risk area due to the complex technical accounting requirements relating to pension liabilities.
10. Meridian water (use of resources)	Significant	Inadequate arrangements to monitor the project and lack of appropriate arrangements or schemes to intervene in the event that a project is no longer feasible may result in inefficient use of Council resources.
11. Medium Term Financial Strategy (use of resources)	Significant	There is a risk that the Council may not have adequate arrangements in place to plan and manage its resources to ensure it can continue to deliver services.

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# MANAGEMENT OVERRIDE OF CONTROLS

**Auditing standards presume management is in a unique position to perpetrate fraud by overriding controls.**

Significant risk
Normal risk
Fraud risk
Assess design & implementation of controls to mitigate
Significant Management estimates & judgements
Controls testing approach
Substantive testing approach
Risk highlighted by Council

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## Risk detail

Management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively. This could occur in areas such as income recognition before conditions are met, expenditure being recorded in the wrong period, accruals being incorrectly calculated or incorrect valuations being used for non current assets. We are required to consider this as a significant risk of material misstatement due to fraud.

## Planned audit approach

Our audit procedures will include the following:

- Review and verification of journal entries made in the year, agreeing the journals to supporting documentation; we will determine key risk characteristics to filter the population of journals and use our IT team to assist with the journal extraction
- Evaluating estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias
- Testing an increased sample of accruals
- Assessing unadjusted audit differences for indications of bias or deliberate misstatement.

# RECOGNITION OF GRANT INCOME

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**Auditing standards presume that income recognition presents a fraud risk.**

- Significant risk
- Normal risk
- Fraud risk
- Assess design & implementation of controls to mitigate
- Significant Management estimates & judgements
- Controls testing approach
- Substantive testing approach
- Risk highlighted by Council

## Risk detail

Under auditing standards there is a presumption that income recognition presents a fraud risk. For the Council, we consider the risk of fraudulent revenue recognition to be in respect of the accuracy and existence (recognition) of grant income that may be subject to performance conditions before it can be recognised in the comprehensive income and expenditure statement (CIES) as revenue. Therefore we have considered the risks relating to the various income streams received by the Council and concluded that recognising grant income before the conditions are met is a significant risk of material misstatement. This risk has increased in the year due to the value of COVID19 related grants being received and potential for income to be deferred in to the following year to smooth the overall impact on income over 2 or more years.

## Planned audit approach

Our audit procedures will include the following:

- We will test an increased sample of grants included in income to documentation from grant paying bodies and check whether any conditions attached to the grants have been met prior to recognition in the comprehensive income and expenditure statement (CIES).

# EXPENDITURE CUT-OFF

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Irregularities (including fraud)

**For public sector bodies there is a risk of fraud related to expenditure recognition.**

- Significant risk
- Normal risk
- Fraud risk
- Assess design & implementation of controls to mitigate
- Significant Management estimates & judgements
- Controls testing approach
- Substantive testing approach
- Risk highlighted by Council

## Risk detail

For net-spending bodies in the public sector there is also risk of fraud related to expenditure. For the Council, we consider the risk of fraud to be in respect of the recognition of expenditure around the year-end within the correct accounting period (cut off). Due to the financial pressure that the Council is under in the medium term there may be an incentive to manipulate the year end position to show increased levels of spend in 2020/21 when COVID19 could be used as a reason for such an increase.

## Planned audit approach

Our audit procedures will include the following:

- Checking that expenditure is recognised in the correct accounting period by substantively selecting items of expenditure based on a lower threshold, for both invoices received and bank payments made:
  - pre year end to reflect the increased risk that expenditure relating to future years is incorrectly recognised in the current year
  - post year end to reflect the increased risk that expenditure relating to inappropriately posted into 2021/22.

# VALUATION OF NON-CURRENT ASSETS

**The valuation of non-current assets is a significant risk as it involves a high degree of estimation uncertainty. There is also a risk of incomplete and inaccurate information used in the valuation.**

Significant risk	■
Normal risk	□
Fraud risk	■
Assess design & implementation of controls to mitigate	■
Significant Management estimates & judgements	■
Controls testing approach	■
Substantive testing approach	■
Risk highlighted by Council	■

## Risk detail

Local authorities are required to ensure that the carrying value of land, buildings and dwellings is not materially different to the current value (operational assets) or fair value (surplus assets, assets held for sale and investment properties) at the balance sheet date. There is a risk over the valuation of these assets due to the high degree of estimation uncertainty and where updated valuations have not been provided for a class of assets at the year-end.

Additionally, in the prior year, we identified errors in the underlying property data held by the Council and provided to the valuer, such as incorrect gross internal areas held by the Council not being of the full area of the asset being valued or property being incorrectly classified (see next page), resulting in inaccurate valuations.

## Planned audit approach

Our audit procedures will include the following:

- Reviewing the instructions provided to the valuer and the valuer’s skills and expertise in order to determine if we can rely on the management expert
- Confirming that the basis of valuation for assets valued in year is appropriate based on their usage
- Testing the accuracy and completeness of information provided to the valuer, such as rental agreements and sizes
- Assessing assumptions used by the valuer and movements against relevant indices for similar classes of assets
- Following up valuation movements that appear unusual
- Confirming that assets not specifically valued in the year have been assessed to ensure their reported values remain materially correct.

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# CLASSIFICATION OF SURPLUS ASSETS AND ASSETS UNDER CONSTRUCTION

**There is a risk over the classification of surplus assets and assets under construction due to the changes between categories that need to be manually processed through the asset register**

## Risk detail

The land for the Meridian Water project reflected a surplus asset balance of £200 million in the 2019/20 financial statements. The classification within surplus assets requires constant review and reassessment that this is the most appropriate basis for valuation as planning permissions are granted and the land moves from industrial to residential usage.

In the prior year we also identified errors in the valuation basis used for Meridian Water, and a number of assets that were classified as assets under construction when they had already been brought into use for service delivery, and therefore should have been transferred to a different asset class and had been valued on the incorrect basis (links to valuation risk on previous page).

## Planned audit approach

Our audit procedures will include the following:

- Reviewing an increased sample of assets within assets under construction to ensure that they are not being used for service delivery as at 31 March 2021
- Reviewing the classification of Meridian Water assets within the financial statements and confirm that this is consistent with the basis for valuation, including consideration of changes to planning permission and development progress
- Reviewing an increased sample of surplus assets to ensure that they meet the definition of surplus assets within the CIPFA code of practice and are not in use by the authority for service delivery.

Significant risk	
Normal risk	
Fraud risk	
Assess design & implementation of controls to mitigate	
Significant Management estimates & judgements	
Controls testing approach	
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Risk highlighted by Council	

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# VALUATION OF PENSION ASSETS

**The valuation of the pension fund assets is a significant risk as it involves a high degree of estimation uncertainty.**

- Significant risk
- Normal risk
- Fraud risk
- Assess design & implementation of controls to mitigate
- Significant Management estimates & judgements
- Controls testing approach
- Substantive testing approach
- Risk highlighted by Council

## Risk detail

The Pension Fund investment portfolio includes unquoted infrastructure and private equity holdings which are valued by the fund manager. The valuation of these funds and underlying assets may be subject to a significant level of assumption or estimation and valuations may not be based on observable market data. In some cases, the valuations are provided at dates that are not coterminous with the Pension Fund's year end and need to be updated to reflect cash transactions (additional contributions or distributions received) since the latest available valuations. There may also be material changes to the underlying values of the assets within the fund between the valuation date of that entity and 31 March 2021.

As a result, we consider there to be a significant risk that these investments may not be appropriately valued in the financial statements.

## Planned audit approach

Our audit procedures will include confirmation that the following procedures have been carried out by the Pension Fund Auditor:

- Obtain direct confirmation of investment valuations from the fund managers and copies of the audited financial statements (and member allocations) from the fund for infrastructure and private equity funds
- Confirm that appropriate adjustments have been made to the valuations in respect of additional contributions and distributions with the funds where the financial statement date supporting the valuation is not coterminous with the Pension Fund's year end
- Check whether there may have been material changes in the underlying value of the assets in the funds since the last valuation date and 31 March 2021 per market conditions and latest financial statements or partnership accounts and whether changes have been reflected in an updated valuation provided by the fund manager
- Ensure investments have been correctly valued in accordance with the relevant accounting policies
- Obtain independent assurance reports over the controls operated by both the fund managers and Custodian for valuations and existence of underlying investments in the funds.

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# VALUATION OF PENSION LIABILITY

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**The valuation of the pension liability is a significant risk as it involves a high degree of estimation uncertainty**

Significant risk	■
Normal risk	—
Fraud risk	—
Assess design & implementation of controls to mitigate	■
Significant Management estimates & judgements	■
Controls testing approach	—
Substantive testing approach	■
Risk highlighted by Council	■

## Risk detail

The valuation of the defined benefit obligation is a complex calculation involving a number of significant judgements and assumptions. The actuarial estimate of the pension fund liability uses information on current, deferred and retired member data and applies various actuarial assumptions over pension increases, salary increases, mortality, commutation take up and discount rates to calculate the net present value of the liability.

There is a risk that the membership data and cash flows provided to the actuary at year end may not be accurate, and that the actuary uses inappropriate assumptions to value the liability. Relatively small adjustments to assumptions used can have a material impact on the Council's share of the scheme liability.

## Planned audit approach

Our audit procedures will include the following:

- Agreeing the disclosures to the information provided by the pension fund actuary
- Reviewing the competence of the management expert (actuary)
- Reviewing the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data
- Reviewing the controls in place for providing accurate membership data to the actuary
- Contacting the pension fund auditor and requesting confirmation of the controls in place for providing accurate membership data to the actuary and testing of that data
- Checking that any significant changes in membership data have been communicated to the actuary.

# PREPARATION OF FINANCIAL ACCOUNTS

**Our prior year audit identified weaknesses in the Council's arrangements for preparing the financial statements and working papers, and a significant number of misstatements were identified**

- Significant risk
- Normal risk
- Fraud risk
- Assess design & implementation of controls to mitigate
- Significant Management estimates & judgements
- Controls testing approach
- Substantive testing approach
- Risk highlighted by Council

## Risk detail

Our prior year audit identified weaknesses in the Council's arrangements for preparing the financial statements and working papers, and a significant number of misstatements and control deficiencies were identified, resulting in us issuing an ISA265 report in October 2020 to this Committee. Issues identified during our audit included:

- We were unable to agree working papers to the accounts in all cases because not all supporting working papers had been prepared before our on site work commenced on the agreed date
- Although management confirmed that they had carried out a review of the financial statements before issue we identified a significant number of internal inconsistencies and presentational issues upon our initial review
- A number of cases of incorrect mapping such as schools balances being included within investments and employment expenses included within service expenses
- Incorrect assumptions used by the pension fund actuary, as well as the staff of a school that converted to an academy in the year not being removed
- Incorrect valuation basis used for some assets
- Prior period adjustments made that did not meet the requirements of IAS 8 and therefore had to be removed.

In addition a number of key roles in the finance department within the Council continue to be filled by temporary staff.

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# PREPARATION OF FINANCIAL ACCOUNTS

## (Continued)

**Our prior year audit identified weaknesses in the Council's arrangements for preparing the financial statements and working papers, and a significant number of misstatements were identified**

- Significant risk
- Normal risk
- Fraud risk
- Assess design & implementation of controls to mitigate
- Significant Management estimates & judgements
- Controls testing approach
- Substantive testing approach
- Risk highlighted by Council

### Planned audit approach

Our audit procedures will include the following:

- Review of internal quality assurance processes in place for the preparation and review of the financial statements and associated working papers
- Briefing finance staff on our expectations for good quality working papers and our requirements for completing and detailed and thorough interim visit
- Reviewing the consistency of the financial statements with underlying working papers before the start of the onsite audit visit
- Obtaining assurance that management has carried out a critical review of the financial statements before they are submitted for audit, including comprehensive explanations for all significant variances from the prior year
- Reducing our performance materiality level, the level that drives our testing thresholds, which will result in a higher proportion of items being sampled due to the risk of error.

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# PENSION LIABILITIES OF INDEPENDENCE AND WELLBEING ENFIELD

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**The treatment of pensions related balances on the return of staff is a challenging area and subject to an increased risk of error.**

Significant risk	■
Normal risk	—
Fraud risk	—
Assess design & implementation of controls to mitigate	■
Significant Management estimates & judgements	■
Controls testing approach	—
Substantive testing approach	■
Risk highlighted by Council	—

## Risk detail

Independence and Welling Enfield Limited ceased trading on 30 June 2020 and the staff transferred back to the Council’s direct employment. There is a risk that the treatment of the pensions liability arising may not be compliant with the pension related agreements, the Local Government Accounting Code of Practice and/or International Financial Reporting Standards.

## Planned audit approach

Our audit procedures will include the following:

- Review of transfer documentation relating to the pension liability
- Confirmation that returning staff have been correctly treated within the Council’s Single Entity liability
- Review of the accounting treatment of the pension liability within the Council’s single entity accounts.

# USE OF RESOURCES

## New Code of Audit Practice (“Code”)

The Comptroller & Auditor General has determined through a new Code and guidance that the key output from local audit work in respect of value for money (VFM) arrangements is a commentary as reported in the Auditor’s Annual Report, not a VFM arrangements ‘conclusion’ or ‘opinion’. There may be matters referred to in the auditor’s commentary that do not represent significant weaknesses in arrangements and where significant weaknesses are reported we are required to also report recommendations.

As auditors we need to gather sufficient evidence and document our evaluation of arrangements to enable us to draft our commentary under three reporting criteria. These criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** (‘Improving 3Es’) - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

In addition to new assessment criteria and commentary requirements, the scope of the new Code also considerably increases auditors’ requirements for documentation and management should expect an increase in requests for discussion and evidence to facilitate this requirement.

## Risk of Significant Weakness

We are required to report the results of our risk assessment to those charged with governance, including additional work planned in respect of any identified risks of significant weakness, and to keep our risk assessment under continual review, with any changes again communicated to those charged with governance.

We are working through the implications of the new Code, including our risk assessment and a work programme that addresses risks of significant weakness identified. The risks identified to date are set out on pages 26 and 27.

Pertinent matters from early discussions with management include how the Council plans finances to support the sustainable delivery of services in accordance with its strategic and statutory priorities (Financial Sustainability), how the Council ensures it delivers its role, engages with stakeholders, monitors performance and acts for improvement within significant partnerships (Improving 3Es) and how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency (Governance).

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# FINANCIAL SUSTAINABILITY

**There is a risk that the Council may not have adequate arrangements in place to plan and manage its resources to ensure it can continue to deliver services.**

- Significant risk
- Normal risk
- Fraud risk
- Assess design & implementation of controls to mitigate
- Significant Management estimates & judgements
- Controls testing approach
- Substantive testing approach
- Risk highlighted by Council

## Risk detail

The update to the Medium Term Financial Strategy (MTFS) to 2026/27 takes account of expected changes in funding for adult social care, the council tax and NNDR bases due to COVID, general grant funding and pension contributions as well as demographic and inflationary pressures.

In 2019/20 the Council reported a budget variance of £10.9m which was met from a combination of contingency budgets, other contingent items and the use of reserves. The Council had a target of £10.7m of savings and income generation in 2019/20 and achieved £9.3m of these.

For 2020/21 the Council set a balanced budget including £6.069 million savings target which was achieved, however the net overspend of £1.5m was funded by the use of flexible capital receipts.

For 2021/22, the Council set a balanced budget including investment in services of £0.66 million and savings target/ income generation proposals of £12.997 million. The Council propose to meet this target by development of the 'Themes' work (the collective name given to the Council's specified focus areas for targeted savings and income generation), invest to save plans and departmental savings targets.

The total savings gap over the next five years from 2022/23 is £46.673 million (including the impact of identified savings totalling £3.6m). The revised gaps (after savings and income generation) are £13.685 million, £7.2 million, £6.6 million, £9.3 million and £9.9 million for 2022/23, 2023/24, 2024/25 2025/26 and 2026/27 respectively.

The savings targets are significant and achievement of these is inherently challenging given the previous use of reserves to fund deficits. The Council acknowledges that the continued support from reserves is not be viable given that the unallocated General Fund reserves now sits at only £13.95 million and income generation is therefore a focus.

The Council will need to deliver significant savings and generate further income to maintain financial sustainability in the medium term and there is a risk that these plans may not be delivered.

## Planned audit approach

Our audit procedures will include the following:

- Reviewing the assumptions used in the Medium Term Financial Strategy and assess their reasonableness
- Monitoring the delivery of the budgeted savings in 2020/21 and the plans to reduce services costs and increase income from 2020/21
- Assessing the strategies to close the budget gap

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# MERIDIAN WATER AND OTHER REGENERATION PROJECTS

**These projects represent significant investment by the Council and there is a significant risk that the public money being invested does not deliver value for money if the projects are not successfully managed.**

Significant risk  
 Normal risk  
 Fraud risk  
 Assess design & implementation of controls to mitigate  
 Significant Management estimates & judgements  
 Controls testing approach  
 Substantive testing approach  
 Risk highlighted by Council

## Risk detail

The Council is continuing the work to deliver a range of large scale regeneration projects aimed at increasing the capacity of the Borough to provide housing and employment for its residents, most notably the Meridian Water project.

These projects represent significant investment by the Council and there is a significant risk that the public money being invested does not deliver value for money if the projects are not successfully managed with appropriate governance in place.

## Planned audit approach

As part of our audit procedures, we will review the:

- programme and project management arrangements instigated by management to govern the delivery of the regeneration projects and ensure that the anticipated benefits are realised
- oversight procedures by councillors such as review of risk registers to ensure that elected members are appropriately sighted as to the current position of the development works

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# GOING CONCERN

**Directors are required to make an assessment of the Council's ability to continue as a going concern.**

## Directors' responsibilities

It is the directors' responsibility to make an assessment of the Council's ability to continue as a going concern to support the basis of preparation for the financial statements and disclosures in the financial statements. This is a requirement of the accounting standards.

This assessment should be supported by detailed cash flow forecasts with clear details of the key underlying assumptions, consideration of available finance throughout the forecast period, and a consideration of the forecast's sensitivity to possible variations in those assumptions along with any other relevant factors.

The going concern assessment should cover a minimum of 12 months from the date of the directors' approval of the financial statements. However, consideration should also be given to any major events or circumstances that may fall outside this period.

## Audit responsibilities

Our responsibilities in respect of going concern are:

- To obtain sufficient appropriate audit evidence regarding, and conclude on, i) whether a material uncertainty related to going concern exists; and ii) the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements

- To report in accordance with ISA (UK) 570.

We will obtain an understanding of the business model, objectives, strategies and related business risk, the measurement and review of the Council's financial performance including forecasting and budgeting processes and the Council's risk assessment process. We will evaluate:

- The Council's method, including the relevance and reliability of underlying data used to make the assessment, whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other
- The Council's plans for future actions in relation to the going concern assessment including whether such plans are feasible in the circumstances
- The adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment and any material uncertainties that may exist.

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## Fraud

Whilst the directors of the Council have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit approach includes the consideration of fraud throughout the audit and includes making enquiries of management and those charged with governance.

We have been made aware of a small number of low value actual, alleged or suspected incidences of fraud reported by the Council. We request confirmation from the General Purposes Committee on the risks and existence of fraud and a discussion on the controls and processes in place to ensure timely identification and action.

Management believe that there is low risk of material misstatement arising from fraud and that controls in operation would prevent or detect material fraud.

## Accounting policies

We will report to you on significant qualitative aspects of your chosen accounting policies. We will consider the consistency and application of the policies and we will report to you where accounting policies are inconsistent with the CIPFA Code of Practice on Local Authority Accounting 2020/21 under the circumstances.

## Significant accounting estimates and judgements

We will report to you on significant accounting estimates and judgements. We will seek to understand and perform audit testing procedures on accounting estimates and judgements including consideration of the outcome of historical judgements and estimates. We will report to you our consideration of whether management estimates and judgements are within an acceptable range.

## Internal audit

We will ensure that we maximise the benefit of the overall audit effort carried out by internal audit and ourselves, whilst retaining the necessary independence of view.

We will review the reports issued by the Council’s internal audit function although we do not plan to place reliance on their work in respect of their assessment of control processes for the accounts audit. We expect to place reliance on internal audit’s work on the Council’s arrangements under the new methodology applicable for our use of resources work. If as a result of our review, we conclude that reliance is not possible, we will report this to you and also perform alternative procedures.

## Laws and regulations

We will consider compliance with laws and regulations. The most significant of these for your organisation includes VAT legislation, Employment Taxes, Health and Safety and the Bribery Act 2010. We will make enquiries of management and review correspondence with the relevant authorities. Specialist teams within BDO will review VAT and employment tax compliance.

# OTHER MATTERS REQUIRING FURTHER DISCUSSION

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## Related parties

Whilst you are responsible for the completeness of the disclosure of related party transactions in the financial statements, we are also required to consider related party transactions in the context of fraud as they may present greater risk for management override or concealment of fraud. Our audit approach includes the consideration of related party transactions throughout the audit including making enquiries of management.

## Financial statement disclosures

We will report to you on the sufficiency and content of your financial statement disclosures.

## Contingencies

We request input from the General Purposes Committee on recent claims.

## Any other matters

We will report to you on any other matters relevant to the overseeing of the financial reporting process. Where applicable this includes why we consider a significant accounting practice that is acceptable under the financial reporting framework not to be the most appropriate.



# IRREGULARITIES (INCLUDING FRAUD)

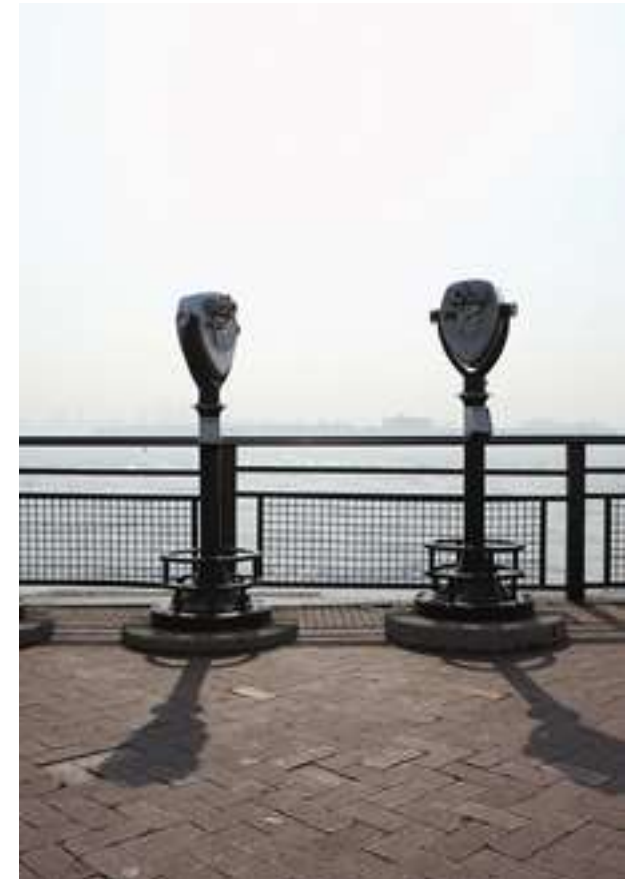
We are required to include in our auditor's report an explanation of the extent to which the audit is considered capable of detecting irregularities (non compliance with laws and regulations), including fraud.

Our audit is designed to provide reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error. We design audit procedures to respond to the risk of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error.

Our audit work will focus on laws and regulations that could give rise to a material misstatement in the Council's financial statements and may include, where appropriate:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations
- Enquiries of management, those charged with governance and the Council's legal advisers
- Agreement of the financial statement disclosures to underlying supporting documentation
- Review of minutes of Council and Cabinet meetings throughout the year and of correspondence with regulatory authorities
- Written representations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.



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# ACCOUNTING ESTIMATES

**Revision to ISA (UK) 540 means that we may need to update our approach to the audit of accounting estimates - including confirmation and documentation of our understanding of the Council's estimation process.**

We will need to obtain an understanding of how you control your estimation process including not only the design and implementation of the process, but also the policies and procedures you put in place to satisfy yourself that each step in the process is properly applied, and that the resulting accounting estimates are reasonable.

For significant accounting estimates, particularly those that are complex or where there is a high degree of estimation uncertainty we will also make enquiries about how you:

- Make those responsible for deriving or changing your accounting estimates aware of relevant significant transactions, conditions or events
- Review the outcome(s) of previous accounting estimates and respond to the results of that review
- Identify and comply with the relevant requirements in the applicable financial reporting framework regarding your accounting estimates and related disclosures including how they are affected by complexity and your judgment
- Account for regulatory factors relevant to the Council's accounting estimates; including, when applicable, regulatory frameworks related to prudential supervision
- Identify the need for, and apply, specialised skills or knowledge related to accounting estimates, including with respect to the use of a management's expert
- Identify and address risks related to accounting estimates through your risk assessment process

- Identify relevant methods (including models), assumptions and data and the need for changes in them, to select those to apply
- Address the degree of estimation uncertainty in selecting your final point estimates
- Describe in your financial statements matters related to your process for deriving your accounting estimates, and matters related to the degrees of estimation uncertainty underlying your accounting estimates
- Ensure there is oversight and governance in place over management's financial reporting process relevant to accounting estimates.

Under ISA (UK) 540 (revised) our audit approach will involve a more granular risk assessment relating to each significant estimate and separate consideration of the methods (or models) applied in calculating the estimate, the nature, source and reliability of data used and the significance, consistency and appropriateness of assumptions made.

We will also request written representations from you regarding the reasonableness of the methods, significant assumptions and the data used in determining the monetary amounts of accounting estimates, including the related disclosures, in accordance with the CIPFA Code of Practice on Local Authority Accounting 2020/21.

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# IT GENERAL CONTROLS

IT General Controls (ITGCs) are the policies and procedures that relate to many IT applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems. They commonly include controls over data center and network operations; system software acquisition, change and maintenance; access security; and application system acquisition, development, and maintenance.

ITGCs are an important component in systems of internal control, and sometimes have a direct impact on the reliability of other controls.

IT assurance is embedded in our audit strategy to ensure the IT systems provide a suitable platform for the control environment and is undertaken in conjunction with our IT Assurance team. Our testing strategy includes a tailored range of data analytics, system configuration and IT environment testing.

We will also obtain an understanding of the information system, including the related business processes relevant to financial reporting, to include:

- SAP (including Neptune)
- Civica Open revenues
- Care First
- Northgate
- Pay 360
- ASH



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# FRC ETHICAL STANDARD (DECEMBER 2019)

In December 2019 the FRC published the Revised Ethical Standard 2019 ('ES'), which is applicable from 15 March 2020. There are some transitional provisions for services and arrangements that are not currently prohibited under the existing Standard. The ES aims to further strengthen auditor independence and enhance confidence in the profession. The table below provides a high level summary of the key headlines as applicable to our audit of the Council.

Key headlines	Impact
<b>The objective, reasonable &amp; informed third party test</b>	Reinforcement that ethical principles take priority over rules. A need to take care where particular facts and circumstances are either not addressed directly by the rules or might appear to 'work around' the rules, or result in an outcome that is inconsistent with the general principles.
<b>Contingent fees</b>	Non-audit services with contingent or success-based fee arrangements will be prohibited for audited entities.
<b>Secondments</b>	All secondments/loan staff to audited entities are prohibited with the exception of secondments to public sector entities.
<b>Recruitment and remuneration services</b>	Prohibition on providing remuneration services to audited entities such as advising on the quantum of the remuneration package or the measurement criteria for calculation of the package. In addition, the prohibition on providing recruitment services to an audited entity that would involve the firm taking responsibility for, or advising on the appointment of, any director or employee of the entity.

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# INDEPENDENCE

**Under ISAs (UK) and the FRC's Ethical Standard we are required, as auditors, to confirm our independence.**

We have embedded the requirements of the auditing standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement leads are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement.

This document considers such matters in the context of our audit for the year ending 31 March 2021.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Council and the Group.

We also confirm that we have obtained confirmation that external audit experts involved in the audit comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Council and the Group.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

### **Non-audit services**

We are not providing any non-audit services for the year ended 31 March 2021.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

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# COUNCIL'S RESPONSIBILITIES

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### Financial reporting

The Council is expected to have effective governance arrangements to deliver its objectives. To this end, the publication of the financial statements is an essential means by which the Council accounts for its stewardship and use of the public money at its disposal.

The form and content of the Council's financial statements, and any additional schedules or returns for consolidation purposes, should reflect the requirements of the relevant accounting and reporting framework in place and any applicable accounting standards or other direction under the circumstances.

The Council is also required to prepare schedules or returns to facilitate the preparation of consolidated accounts such as HM Treasury's Whole of Government Accounts.

The Section 151 Officer is responsible for preparing and filing a Statement of Accounts and financial statements which show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2020/21, applicable accounting standards or other direction under the circumstances.

Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of materially accurate financial statements.

### Use of resources

Councils are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at their disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a Governance Statement.

In preparing its Governance Statement, the Council will tailor the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on their arrangements for securing value for money from their use of resources.

# OUR RESPONSIBILITIES

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### Our responsibilities and reporting - financial reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements. We report our opinion on the financial statements to the members of the Council.

We read and consider the ‘other information’ contained in the Annual Report such as the additional narrative reports. We will consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.

### Our responsibilities and reporting - use of resources

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

This means that we have regard to relevant guidance issued by the National Audit Office and undertake sufficient work to be able to satisfy ourselves as to whether the Council has put arrangements in place that support the achievement of value for money and to provide an annual commentary on arrangements in the Auditor’s Annual Report.

### What we don’t report

Our audit is not designed to identify all matters that may be relevant to the Council and the General Purposes Committee and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.



# COMMUNICATION WITH YOU

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## Those charged with governance

References in this report to ‘those charged with governance’ are to the Council as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the General Purposes Committee.

In communicating with the General Purposes Committee, representing TCWG of the parent and the Group, we consider TCWG of subsidiary entities to be informed about matters relevant to their subsidiary. Please let us know if this is not appropriate.

## Communication, meetings and feedback

We request feedback from you on our planning and completion report to promote two way communication throughout the audit process and to ensure that all risks are identified and considered; and at completion that the results of the audit are appropriately considered. We will meet with management throughout the audit process. We will issue regular updates and drive the audit process with clear and timely communication, bringing in the right resource and experience to ensure efficient and timely resolution of issues.

## Audit Planning Report

The Audit Planning Report sets out all planning matters which we want to draw to your attention including audit scope, our assessment of audit risks and materiality.

## Internal Controls

We will consider internal controls relevant to the preparation of financial statements in order to design our audit procedures and complete our work. This is not for the purpose of expressing an opinion on the effectiveness of internal control.

## Audit Completion Report

At the conclusion of the audit, we will issue an Audit Completion Report to communicate to you key audit findings before concluding our audit opinion. We will include any significant deficiencies in internal controls which we identify as a result of performing audit procedures. We will meet with you to discuss the findings and in particular to receive your input on areas of the financial statements involving significant estimates and judgements and critical accounting policies.

Once we have discussed the contents of the Audit Completion Report with you and having resolved all outstanding matters we will issue a final version of the report.

## Auditor’s Annual Report

We will provide an annual commentary on the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken during the year and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from the Council. The Auditor’s Annual Report is required to be published by the Council within 3 months of the date of the audit opinion.

# TEAM MEMBER ROTATION

These tables indicate the latest rotation periods normally permitted under the independence rules of the FRC’s Ethical Standard.

In order to safeguard audit quality we will employ a policy of gradual rotation covering the team members as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.



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## Independence - engagement team rotation

Senior team members	Number of years involved	Rotation to take place after
Lisa Blake Engagement lead	1	5 years
Francesca Palmer Manager	2	10 years

## Independence - audit quality control

	Number of years involved	Rotation to take place after
Engagement quality control reviewer	3	10 years

# MATERIALITY: DEFINITION AND APPLICATION

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## Concept and definition

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality therefore has qualitative as well as quantitative aspects and an item may be considered material, irrespective of its size, if it has an impact on (for example):

- Narrative disclosure e.g. accounting policies, going concern
- Instances when greater precision is required (e.g. disclosure of senior officers' remuneration and related party transactions).

International Standards on Auditing (UK) also allow the auditor to set a lower level of materiality for particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## Calculation and determination

We have determined materiality based on professional judgement in the context of our knowledge of the Group, including consideration of factors such as industry developments, financial stability and reporting requirements for the financial statements.

We determine materiality in order to:

- Assist in establishing the scope of our audit engagement and audit tests
- Calculate sample sizes
- Assist in evaluating the effect of known and likely misstatements on the Group financial statements.

## Reassessment of materiality

We will reconsider materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality if we had been aware.

Further, when we have performed all our tests and are ready to evaluate the results of those tests (including any misstatements we detected) we will reconsider whether materiality combined with the nature, timing and extent of our auditing procedures, provided a sufficient audit scope.

## Definition of materiality under IFRS

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.



# MATERIALITY: DEFINITION AND APPLICATION

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If we conclude that our audit scope was sufficient, we will use materiality to evaluate whether uncorrected misstatements (individually or in aggregate) are material.

You should be aware that any misstatements that we identify during our audit, both corrected and uncorrected errors, might result in additional audit procedures being necessary.

## **Unadjusted errors**

We will communicate to you all uncorrected misstatements identified during our audit, other than those which we believe are ‘clearly trivial’.

Clearly trivial is defined as matters which will be of a wholly different (smaller) order of magnitude than the materiality thresholds used in the audit, and will be matters that are clearly inconsequential, whether taken individually or in aggregate.

We will obtain written representations from the General Purposes Committee confirming that in their opinion these uncorrected misstatements are immaterial, both individually and in aggregate and that, in the context of the financial statements taken as a whole, no adjustments are required.

We will request that you correct all uncorrected misstatements. In particular we would strongly recommend correction of errors whose correction would affect compliance with contractual obligations or governmental regulations. Where you choose not to correct all identified misstatements we will request a written representation from you setting out your reasons for not doing so and confirming that in your view the effects of any uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as whole.



# NEW ACCOUNTING STANDARDS, AUDITING STANDARDS AND OTHER FINANCIAL REPORTING DEVELOPMENTS

We would like to draw to your attention the following summary of key changes to standards, regulations and other financial reporting developments, their effective dates and an indication, based on preliminary discussions with management and our sector understanding, of their possible effect on the annual report.

New Accounting Standards, Auditing Standards and Other Financial Reporting Developments	Expected effect				Effective for periods beginning on or after 1 January	
	None	Low	Medium	High	2020	2021
Amendments to IFRS 3 <i>Definition of a business</i>		●				●
Auditing standard - audit of accounting estimates						
Increased emphasis on understanding management's processes, systems and controls estimation uncertainty and financial statement disclosures			●		●	
Auditing standard - going concern						
Increased emphasis on evaluation of management's assessment of the entity's ability to continue as a going concern			●		●	
Auditing standard - audit reports						
New audit report format with updated conclusion on going concern and reference to irregularities, including fraud			●		●	

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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 company and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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## GENERAL PURPOSES COMMITTEE – WORK PROGRAMME 2021/22

Item	30 June 21	4 Aug 21	14 Oct 21	10 Nov 21 <b>CANCELLED</b>	13 Jan 22	3 March 22
<b>Annual Statement of Accounts/Governance Statement</b>	2020/21 Statement of Accounts Update 2020/21 Pension Fund Accounts Update  2019/20 Final Accounts update	Unaudited Draft accounts 2020/21 & Update  Unaudited Draft Pension Fund Accounts 2020/21 & Update  Draft annual Governance statement  2019/20 Final Accounts and ISA260 - Update	Final 2019/20 Main Statement of Accounts  Final 2019/20 Pension Fund Statements of Accounts  Draft 2021/ Main Statement of Accounts	<b>Review of Audit Plan Main Accounts 2020/21 and Audit Plan Pension Fund Accounts 2020/21</b>	Statement of Accounts 2021/22 – update	Statement of Accounts 2021/22 – update
<b>BDO report on Statement of Accounts</b>	Audit update report on 2019/20 and 2020/21.	<b>Audit Update Report 2019/20 and 2020/21</b>	LBE Audit Completion Report 2020/21 & Pension Fund Audit Completion Report 2020/21  2020/21 Audit Plan LB Enfield 2020/21 Audit Plan Enf Pension Fund			
<b>BDO - Annual Audit &amp; Fees Letter (including audit &amp; inspection plan)</b>			LBE Fee Letter 2020/21 & Pension Fund Fee Letter 2020/21			Audit Plan 2020/21 & 21/22 – Council main Account & Pension Audit Plan 2021/22 Annual Audit Letter 2019/20 & 2020/21 (LBE & Pension Fund).
<b>Draft 2022/23 Ten Year Treasury Strategy</b>					Council & Borrowing	

<b>Capital Expenditure &amp; Sensitivity of Interest Rates</b>					<b>Report</b>	
<b>Financial Resilience &amp; Managing the Savings</b>					Update on Financial Resilience/Managing the Savings - Finance	
<b>Contract Procedure Rules – Review &amp; Waivers</b>						Contract Procedure Rules Waivers Report & Update on procurement spend - <b>Now to be heard at the 1<sup>st</sup> meeting of new municipal year 22/23</b>
<b>General Purposes Committee Annual Report</b>	20/21 Annual Report					
<b>Regulation of Investigatory Powers Act 2000 (RIPA) – incl legislative changes</b>						Report - <b>Now to be heard at the 1<sup>st</sup> meeting of new municipal year 22/23</b>
<b>Housing Dev Approach to Identifying Risk &amp; Management</b>						Report
<b>Information Governance &amp; Document Retention</b>						IGB Annual Performance Yearly update – 2021/22 & GDPR Implementation - <b>Now to be heard at the 1<sup>st</sup> meeting of new municipal year 22/23</b>
<b>Contract Extension Report</b>					Report	
<b>Local Authority Trading Companies</b>						Update - <b>Now to be heard at the 1<sup>st</sup> meeting of new municipal year 22/23</b>
<b>Cyber &amp; Technology Security</b>		Update			Update	Update - <b>Now to be heard at the 1<sup>st</sup> meeting of</b>

						new municipal year 22/23
<b>Meridian Water Risk Register Update</b>		Update	Update		Update	Update – Now to be heard at the 1 <sup>st</sup> meeting of new municipal year 22/23
<b>External Audit Contracting Arrangements Review</b>					Report	
<b>Electoral Services Update</b>						
<b>Polling District &amp; Polling Place Review</b>		Report	Report			
<b>Member Induction and Development sessions</b>					Report	
<b>Revised Guidance on External Auditors Work on Value for Money (VFM) Arrangements</b>		Report				
<b>CIPFA Review of GPC Report (including the Implications of the MHCLG New Local Audit Framework Technical Consultation outcomes)</b>					Report	
<b>Local Government &amp; Social Care Ombudsman Annual Review</b>			Report			
<b>Council's Counter Fraud Strategy – items to be confirmed and allocated</b> <ul style="list-style-type: none"> <li>Counter Fraud &amp; Corruption Strategy</li> <li>Money Laundering Policy</li> </ul>	<b>21/22 Counter Fraud Strategy &amp; Operational Plan</b>				Sanctions & Prosecutions, Anti-money Laundering Whistle Blowing	
<b>Risk Management Reviews – items to be confirmed and allocated</b> <ul style="list-style-type: none"> <li>Risk Management Strategy</li> <li>Corporate risk register update</li> <li>Departmental risk registers</li> <li>Specific risk monitoring</li> </ul>	<b>2. 21/22 Risk Strategy &amp; Operational Plan</b>  <b>3. Covid 19 – Risk Register</b>	Brexit Risk Register Update	<b>Corporate Risk Register</b>		<b>Corporate Risk Register</b>	<b>Corporate Risk Register</b> Internal Audit Plan 2022/23 Counter Fraud Strategy & Operating Plan Risk

<ul style="list-style-type: none"> <li>Promotion of risk awareness</li> </ul>						Management Strategy & Operating Plan
<b>Internal Audit &amp; Investigations – Progress Report</b> <ul style="list-style-type: none"> <li>Update of audit plan progress</li> <li>Key risk findings</li> <li>Investigations undertaken</li> <li>Sanctions &amp; prosecutions</li> <li>Results achieved</li> <li>Whistleblowing Policy</li> <li>Internal Audit Plan</li> </ul>	1. Internal Audit Annual Report 19/20  2. Counter Fraud Annual Report 2019/20  <b>3. 2019/20 Annual Schools Audit Report</b>		ARMS progress report		ARMS progress report	ARMS progress report  Draft Internal Audit Plan 2021/22