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## **GENERAL PURPOSES COMMITTEE**

**Wednesday, 29th June, 2022 at 7.00 pm in the Council Chamber,  
Civic Centre, Silver Street, Enfield, EN1 3XA**

### **Membership:**

Councillors : Mahym Bedekova (Chair), Ayten Guzel (Vice-Chair), Nawshad Ali, Alessandro Georgiou, Esin Gunes, Elisa Morreale, Sabri Ozaydin, Michael Rye OBE and Joanne Laban

Independent Member: and Peter Nwosu

### **AGENDA – PART 1**

**1. WELCOME & 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. MINUTES OF THE MEETING HELD ON 3 MARCH 2022 (Pages 1 - 8)**

To receive and agree the minutes of the General Purposes Committee meeting held on the 3 March 2022.

**4. AUDIT AND RISK MANAGEMENT SERVICES (ARMS) PROGRESS UPDATE (Pages 9 - 38)**

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 30 April 2022 and the key themes and outcomes arising from this work and to

provide feedback on the contents of the report.

**5. 2021- 22 COUNTER FRAUD ANNUAL REPORT** (Pages 39 - 60)

The Committee is requested to endorse the work of the Counter Fraud team and to provide feedback on the contents of the report of officers.

**6. 2021-22 ANNUAL DATA PROTECTION OFFICER REPORT** (Pages 61 - 78)

The General Purposes Committee is requested to note the 2021-22 Annual Data Protection Officer report.

**7. GENERAL PURPOSES COMMITTEE ANNUAL REPORT 2021/22** (Pages 79 - 88)

The report details the activity of the General Purposes Committee from 1 April 2021 to 31 March 2022 and proposes it be approved for referral to Council.

**8. CONTRACT PROCEDURE RULES, WAIVERS & PROCUREMENT SPEND UPDATE** (Pages 89 - 112)

The report provides an update to the General Purposes Committee on the Contract Procedure Rules, Waivers and Procurement Spend for the period April 2021 to March 2022. It also includes an update on Procurement Services and the implementation of the new procurement function.

**9. UPDATE ON AUDIT OF THE 2019/20 STATEMENT OF ACCOUNTS** (Pages 113 - 118)

The Committee is asked to receive the report which provides an update on the audit of the 2019/20 Statement of Accounts.

**10. UPDATE ON THE AUDIT OF THE 2020/21 STATEMENT OF ACCOUNTS AND PENSION FUND AND PROGRESS ON THE 2021/22 COUNCIL'S ACCOUNTS** (Pages 119 - 124)

The report provides an update on the audit of the 2020/21 Statement of Accounts and Pension Fund together with an update on the work underway to produce the Council's Accounts for 2021/22.

**11. BDO (EXTERNAL AUDITOR) UPDATE ON STATEMENT OF ACCOUNTS** (Verbal Report)

The Committee will receive a verbal update on the Statement of Accounts from representatives of the Council's External Auditor, Binder Dijker Otte (BDO).

**12. GENERAL PURPOSES COMMITTEE WORK PROGRAMME 2022/23**  
(Pages 125 - 128)

The Members are asked to note the 2022-23 Work Programme for the General Purposes Committee.

**13. DATES OF FUTURE MEETINGS**

The future meeting dates of the General Purposes Committee, as agreed at Annual Council, are as follows:

Tuesday, 26 July 2022  
Monday, 15 August 2022  
Thursday, 20 October 2022  
Thursday, 1 December 2022  
Thursday, 19 January 2023  
Thursday, 16 March 2023

**14. EXCLUSION OF THE PRESS AND PUBLIC**

To consider passing a resolution under Section 100(A) of the Local Government Act 1972 excluding the press and the public from the meeting for the items listed as part 2 on the agenda on the grounds that they involve disclosure of exempt information as defined in those paragraphs of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).

**15. PART TWO ITEM- CONTAINING EXEMPT INFORMATION**

**16. MERIDIAN WATER RISK REGISTER UPDATE** (Pages 129 - 146)

To receive a confidential report from the Programme Director – Meridian Water.

(This item will contain exempt information as defined in Paragraph 3 (information relating to the financial or business affairs of any particular person – including the authority holding that information) of Schedule 12A to the Local Government Act 1972, as amended.)

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**GENERAL PURPOSES COMMITTEE - 3.3.2022****MINUTES OF THE MEETING OF THE GENERAL PURPOSES COMMITTEE HELD ON THURSDAY, 3RD MARCH, 2022**

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

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

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

**1. WELCOME AND APOLOGIES**

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

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

**2. DECLARATIONS OF INTEREST**

No declarations were received.

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

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

**4. AUDIT AND RISK MANAGEMENT SERVICE PROGRESS UPDATE**

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

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

## **GENERAL PURPOSES COMMITTEE - 3.3.2022**

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

Members raised the following concerns:

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

Officers provided the following responses:

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

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

### **AGREED**

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

(Action: Head of Internal Audit and Risk Management)

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

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

## **GENERAL PURPOSES COMMITTEE - 3.3.2022**

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

### **NOTED**

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

### **AGREED**

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

## **6. CORPORATE RISK REGISTER UPDATE**

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

The Committee asked the following questions/comments:

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

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

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

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

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

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

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

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

### **AGREED**

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

(Action: Head of Internal Audit and Risk Management)

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

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

### **NOTED**

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

### **AGREED**

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

## **8. COUNTER FRAUD STRATEGY AND 2022/23 OPERATING PLAN**



## **GENERAL PURPOSES COMMITTEE - 3.3.2022**

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

### **NOTED**

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

### **AGREED**

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

## **9. AUDIT PLAN 2020/21 ACCOUNTS**

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

### **NOTED**

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

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

AGREED

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

**10. GENERAL PURPOSES COMMITTEE WORK PROGRAMME 2021/22**

**GENERAL PURPOSES COMMITTEE - 3.3.2022**

The Committee NOTED the Work Programme 2021/22.

**11. DATES OF FUTURE MEETINGS**

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

The meeting ended at 8.55 pm.

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## London Borough of Enfield

## General Purposes Committee

29 June 2022

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<b>Subject:</b>	<b>Audit and Risk Management Service Progress Update</b>
<b>Cabinet Member:</b>	<b>Cllr Tim Leaver, Cabinet Member for Finance &amp; Procurement</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 at 30 April 2022 (**Annex A**) summarises:
  - the results of the work that the Audit and Risk Management Service undertook during the period 1 April 2021 to 30 April 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 was made in delivering the 2021/22 Internal Audit plan, with all 60 reviews having commenced. Of these, 62% were finalised by 30 April 2022. This compares to 100% commencement of 49 planned reviews and 65% completion for the same period in 2021.
3. Since the audit plan was agreed by the General Purposes Committee in March 2021, 25 audits were cancelled, and nine further audits were added to the plan by 30 April 2022.
4. 37 audits were completed between 1 March 2021 and 30 April 2022. 17 were grant certifications or management letters and therefore an assurance opinion was not given. Of the 20 remaining audits, one was given *Substantial* assurance, 10 *Reasonable* assurance, eight *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, sufficient audits had not been completed by 30 April 2022 on which to base the annual internal audit opinion. We are currently finalising the outstanding audits and the Head of Internal Audit Annual Report and internal audit opinion will be presented to the next meeting of this committee in July 2022.

7. Since the ARMS Progress Report at 30 April 2022 was completed, a further 17 audits have been completed bringing the completion rate up to 95%. Of these 17 audits, nine were given *Reasonable* assurance, five *Limited* assurance and one *No* assurance. The remaining two audits were management letters and therefore no assurance opinion has been given.
8. Work has started on the 2022/23 Internal Audit plan, with 19 assignments having commenced (25% of the plan) of which 3 (4%) have been completed. For the same period in 2021, 11 audits (18%) had commenced, and none had been completed.
9. Since the 2022/23 audit plan was agreed by the General Purposes Committee in March 2022, two audits have been cancelled and seven further audits have been added to the plan.
10. With the support of the Assurance Board, a high implementation rate of agreed audit actions continues. As at 30 April 2022, the implementation rate (12-month rolling basis) for actions from high risk findings is 72% and for medium risk findings is 78%. A summary of the overdue actions from high risk findings at 30 April 2022 is also presented in **Annex A**.

### **Proposal**

11. 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 30 April 2022 and the key themes and outcomes arising from this work
- provide feedback on the contents of this report

### **Reason for Proposal**

12. 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**

13. 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**

14. 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**

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

### **Background**

16. 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.
17. 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.
18. By 30 April 2022 progress had been made in delivering the 2021/22 Internal Audit plan, with all 60 reviews having commenced. Of these, 62% had been finalised by 30 April 2022. This compares to 100% commencement of 49 planned reviews and 65% completion for the same period in 2021. Details are given in **Annex A**.
19. The Internal Audit Plan for 2022/23 was agreed by the General Purposes Committee on 3 March 2022.
20. Work has started on the 2022/23 Internal Audit plan, with 19 assignments having commenced (25% of the plan) of which 3 (4%) have been completed. For the same period in 2021, 11 audits (18%) had commenced, and none had been completed.
21. Since the audit plan was agreed by the General Purposes Committee in March 2022, two audits have been cancelled and seven further audits have been added to the plan.
22. **Annex A** summarises the work completed by the Audit and Risk Management Service between 1 April 2021 and 30 April 2022.

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

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.

### **Safeguarding Implications**

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

## **Public Health Implications**

26. 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**

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

## **Environmental and Climate Change Considerations**

28. 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**

29. 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.
30. 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**

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

## **Financial Implications**

32. 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’.



33. 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:
34. 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.
35. 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.
36. 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**

37. 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)).
38. 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.
39. 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.
40. 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.
41. This report addresses the statutory obligations for local audit processes in compliance with the 2015 Regulations.

### **Workforce Implications**

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

### **Property Implications**

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

## **Other Implications**

44. N/A

## **Options Considered**

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

## **Conclusions**

46. 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 30 April 2022 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: 17 June 2022

## **Appendices**

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

## **Background Papers**

None



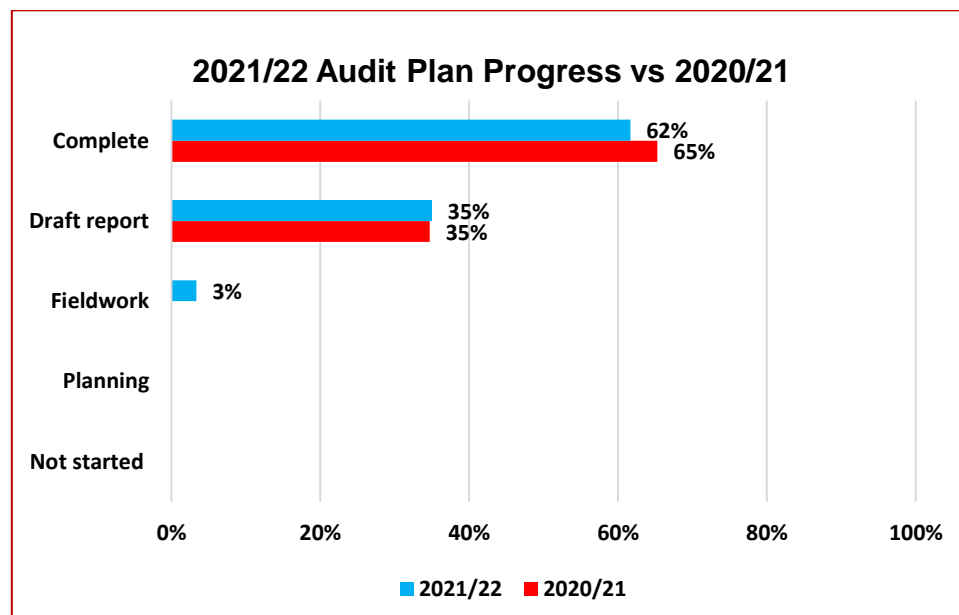
## Audit and Risk Management Service Progress Update 30 April 2022

### Internal Audit

#### Audit Plan – 2021/22

During the period 1 April 2020 to 30 April 2022, the Internal Audit team has commenced 60 assignments (100% of the plan) of which 37 (62%) have been completed. For the same period in 2021, 49 audits (100%) had commenced and 32 (65%) 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, 25 audits were cancelled, and nine audits were 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. Although this audit was deferred to the 2022/23 audit plan, it was subsequently cancelled due to resource constraints (see below).
Chief Executives	Members' Ethics	Due to Monitoring Officer change and local elections in May 2022, this audit has been deferred to 2022/23
Chief Executives	Staff Ethical Standards	Agreed with Director of HR & OD that due to unforeseen resourcing issues in the Internal Audit team this has been 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 as two other planning audits took place in 2021/22.
Place	Housing Repairs and Maintenance	Agreed with Director of Housing and Regeneration to defer to 2022/23 due to the ongoing delays to the implementation of new Civica system
Place	Meridian Water – Supply Chain Risks	Agreed with Director of Development to defer to 2022/23 (Financial Management audit added to 2021/22 in place of Supply Chain Risk)
Place	Meridian Water – Financial Management	Agreed with Director of Development that this will be deferred to 2022/23
Resources	Transformation Projects	Agreed with Executive Director, Resources. Included in draft 2022/23 plan

Department	Audit	Reason for Cancellation
Resources	Procurement Social Value	Agreed with Executive Director, Resources to defer to 2022/23 given on going work in this area and restructuring of the team. However, as part of the 2022/23 audit planning process this audit was not deemed a priority for the 2022/23 audit plan.
Resources	Web content Accessibility Guidelines 2.1 (WCAG 2.1)	Agreed with Head of Service to defer to Q1 2022/23
Resources	Digital Services Cyber Security Red Team Exercise	Agreed with Executive Director, Resources that due to other similar exercises being undertaken by Digital Services, this review was no longer required.
Resources	Use of Spreadsheets	Agreed with Executive Director, Resources to defer to 2022/23 to ensure new Finance Directors could be consulted.
Resources	Security Panel	Agreed with Executive Director, Resources to defer to 2022/23
LATC	Customer Services	Agreed with Energetik that new process improvements were being embedded. Will be reconsidered during 2022/23.
Cross Cutting	Board Reporting	Due to unforeseen resourcing issues in the Internal Audit team this was deferred to 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
Cross Cutting	Green Homes Grant	Advised by the Asset Manager that grant certification not required until April 2022, therefore deferred to the 2022/23 plan.
Cross Cutting	Culture Recovery Fund III	Deferred to 2022/23 as final deadline was 30 April 2022

The additional audits added to the 2021/22 internal audit plan were:

Corporate Risk Reference	Department	Audit	Description
CR02	Cross Cutting	Low Traffic Neighbourhoods	Requested by Executive Director. Resources

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	Meridian Water – Financial Management	Requested by Programme Director to confirm that appropriate financial management processes and controls are in place and working effectively

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

### 2021/22 Completed Audits

37 audits have been completed to 30 April 2022:

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 School	Limited
People	Eldon Primary School	Limited
People	Community Equipment Services	Limited
People	Deprivation of Liberty Safeguards	Limited
Place	Community Infrastructure Levy	Limited
Place	Meridian Water – Contract Management	Limited
People	St. Paul's CE Primary School	Reasonable

Department	Audit	Assurance Level
People	De Bohun Primary School	Reasonable
People	Prince of Wales Primary School	Reasonable
People	St Michael at Bowes CE Primary School	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
Place	Salix Programme	Reasonable
Resources	Counter Fraud	Reasonable
Resources	Financial Management of the Housing Revenue Account	Substantial
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	Schools Physical Verification Testing from 2020-21	N/A – Management Letter
Place	BEGIN Grant (Phase 1)	N/A – Grant Certification
Place	BEGIN Grant (Phase 2)	N/A – Grant Certification
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
People	Supporting Families Grant Certification - Jan	N/A – Grant Certification
People	Supporting Families Grant Certification - Feb	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, three 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:

### **Community Equipment Services**

The service was insourced from Independence and Wellbeing Ltd in June 2020.

Since the on-set of Covid-19, the service has experienced a significant upturn in demand for equipment and adaptations to support hospital discharges. Average orders of 1,836 per month in 2019/20 rose to 2,044 per month in 2020/21 and 2,877 in 2021/22. Despite this, anecdotal evidence suggests a good service is being provided to clients.

However, some processes such as routine maintenance, have had to be paused in order to meet the increase in demand.

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

- The Service did not follow the Council's Contract Procedure Rules when spot purchasing.

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

- The Service needs to finalise a suite of KPIs that give an effective view of performance. Parameters for calculating the KPIs should be agreed and documented.
- The stock control system is not being used effectively to track movements of stock into, around and out of the warehouse.
- The maintenance programme has fallen behind as staff were reassigned to other duties due to Covid-19. Some maintenance has not been completed as clients did not want home visits during the pandemic; this needs to be fully documented in case injury claims against the Council arise.
- Contracts with care homes have not been updated to reflect that it is the care homes' duty to advise the Council if the equipment for a specified client is no longer required. There are no regular audits of equipment in care homes.
- The Service needs to document a Delegation of Authority whereby officers in the Service are authorised to destroy stock. The agreement with the waste collector should be formalised.

One **low risk** finding was also identified

### **Deprivation of Liberty Safeguards**

The audit was designed to provide assurance that there are appropriate controls in place to ensure that the Council is compliant with current Deprivation of Liberty Safeguards (DoLS) legislation and that the necessary steps are being taken to ensure a smooth transition to its replacement, Liberty Protection Safeguards (LPS) in 2022. It was expected that LPS would be introduced in April 2022, but the Department of Health and Social Care have confirmed this date will not be met and currently a new target date for implementation has not been set. Therefore, it is expected that DoLS will remain in place for some time.

The DoLS Team has already commenced planning and preparing for the introduction of LPS. A Project Board overseeing the process meets regularly and is engaging with a number of stakeholders. Therefore, plans for LPS are in progress but are subject to the government issuing the Code of Practice which will provide further guidance on implementation. DoLS will remain in place in the interim and will function concurrently with LPS, once implemented, for an additional year to ensure a seamless transition.

The audit testing focused primarily on the current DoLS process.

This review identified **one high risk**, **four medium** risks and **one low** risk finding.

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



- When acting as the Supervising Authority, the Council engages the services of Mental Health Assessors (MHAs) and Best Interest Assessors (BIAs) to carry out the mandatory assessments required before deciding whether a service user's liberty has to be removed for their best interest. The MHAs and BIAs currently providing this service are not employed by the Council. We have identified that:
  - no contractual agreements are in place with any of these third party providers;
  - no data sharing agreements are in place with these third party providers who handle sensitive information on behalf of the Council;
  - although the total expenditure for all providers during the current and previous financial year was £720k, no formal procurement exercise had been carried out.

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

- Limited management reporting is made to the monthly Adult Social Care Performance Management Team meeting. A monthly update is provided on the number of DoLS referrals, but no further information is provided on:
  - the Council's compliance with the legislative requirement to complete assessments within 21 days;
  - progress against locally agreed performance indicators.

The Service's records are maintained on Eclipse and on a spreadsheet, but these do not have the functionality to produce the relevant performance reports. Also, a sample of 25 cases was reviewed to confirm that as the Supervising Authority, DoLS applications were received, allocated promptly and assessments were carried out in a timely manner. We found that:

- No data is held to confirm that applications are allocated promptly;
  - In all cases tested, MHA assessments were not completed with 72 hours of allocation;
  - In all cases tested, BIA assessments were not completed within 5 days of allocation;
  - In 52% of cases, the deadline for completing the assessment within 21 days was not met.
- It is a requirement that each MHA and BIA has been appropriately trained, accredited, and completes annual refresher courses. We found that the training records for internal BIA assessors were not completed in full and so we were unable to confirm when refresher courses were last completed.
- Sample checks of BIAs' professional indemnity insurance found that, in one case, an external BIA's insurance was out of date.
- A project board is in place to oversee the transitioning from DoLS to LPS. However, we were advised that the reconfiguring of Liquid Logic and RIO systems has not yet begun. However, the Project Executive Manager and Programme Change Manager are engaging with both work streams to commence the process.

One **low risk** finding was also identified.

### **Eldon Primary School**

This audit review identified one **high risk** and seven **low risk** findings. We also identified one advisory item for management attention. This has resulted in an overall **Limited** assurance opinion.

The audit testing in this review covered the period April 2020 to October 2021. This included periods of Covid-19 restrictions and extra workload and pressures this imposed on the school. Office staff were following government guidelines, had a rota system for being on site and had adapted day to day processes to ensure the safety of staff and pupils. The

school has continued to implement changes with Government requirements alongside preparing for this audit review.

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

The controls surrounding the school's procurement processes were found to be weak with the following exceptions identified:

- **Related Party Transactions:** The school purchases services for SEND and sports coaching from an agency and purchases school improvement plan services from another supplier. The value for the SEND and sports coaching services is £72,500 for the current financial year. The total spend for school improvement plan is £12,500 per annum. Despite a staff member (SEND and sports coaching services) and a governor (school improvement plan services) having connections with the suppliers, no supporting information was provided to confirm that an independent review had been carried out by the Governing Body prior to the suppliers being engaged.
- **Contracts:** Contract Procedure Rules (CPRs) were not consistently adhered to in several cases. We found:
  - For the SEND and sports coaching contract mentioned above, a formal procurement process, as required by the CPRs, had not been carried out nor was the award of the contract formally approved;
  - For the school improvement plan services contract mentioned above, a procurement exercise in line with the CPRs was not undertaken; neither was there a formal contract in place nor confirmation that the Governing Body approved the purchase of this service;
  - In one case the contract was out of date; had not been signed by a delegated officer from the school; also when a best value exercise would be carried out;
  - In one case the approval of the contract was not explicitly recorded in the Governing Body minutes.
- **Purchase to Pay:** In several cases, purchase orders were raised retrospectively.

A further seven **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.

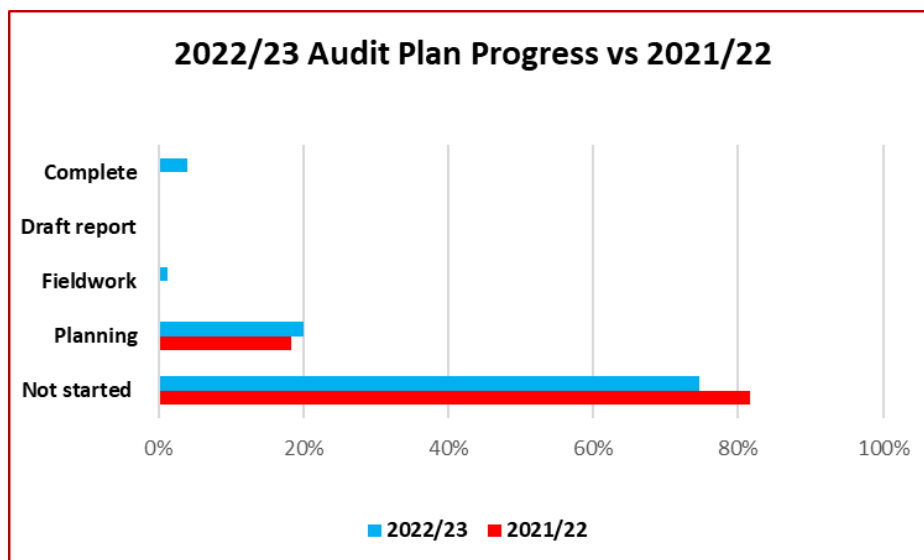
Whilst we continue to make progress in delivering the audit plan, it should be noted that we do not yet have sufficient audits completed on which to base the annual internal audit opinion.

We are currently finalising the outstanding audits and the Head of Internal Audit Annual Report and internal audit opinion will be presented to the next meeting of this committee in July 2022.

## 2022/23 Audit Plan

During the period 1 April 2022 to 30 April 2022, the Internal Audit team has commenced 19 assignments (25% of the plan) of which 3 (4%) have been completed. For the same period in 2021, 11 audits (18%) had commenced, and none had been completed.

The following chart summarises the 2022/23 progress compared to 2021/22:



### Changes to the 2022/23 Internal Audit Plan

Following the approval of the 2022/23 Internal Audit Plan by the General Purposes Committee in March 2022, two audits have been cancelled and seven audits have been added.

The cancelled audits are outlined below:

Department	Audit	Reason for Cancellation
Cross Cutting	Culture	This priority 3 audit was cancelled to realign the audit plan due to resource constraints.
Chief Executives	Organisational Governance	This priority 3 audit was cancelled to realign the audit plan due to resource constraints.

The audits added to the plan are:

Corporate Risk Reference	Department	Audit	Description
CR03	CEX	Staff Ethical Standards	Deferred from 2021/22
CR11	Place	Meridian Water: Financial Management of Capital Expenditure	Deferred from 2021/22
CR02	Place	Culture Recovery Fund III	Deferred from 2021/22
CR08	Cross Cutting	Use of Spreadsheets	Deferred from 2021/22
CR08	Cross Cutting	Board Reporting	Deferred from 2021/22
CR02	Cross Cutting	Protect and Vaccinate Grant	New grant identified
CR09	Cross Cutting	Security Board	Deferred from 2021/22

A revised version of the full 2022/23 audit plan is attached at **Appendix B**.

Since the last Assurance Board, three audits had been completed by 30 April 2022:

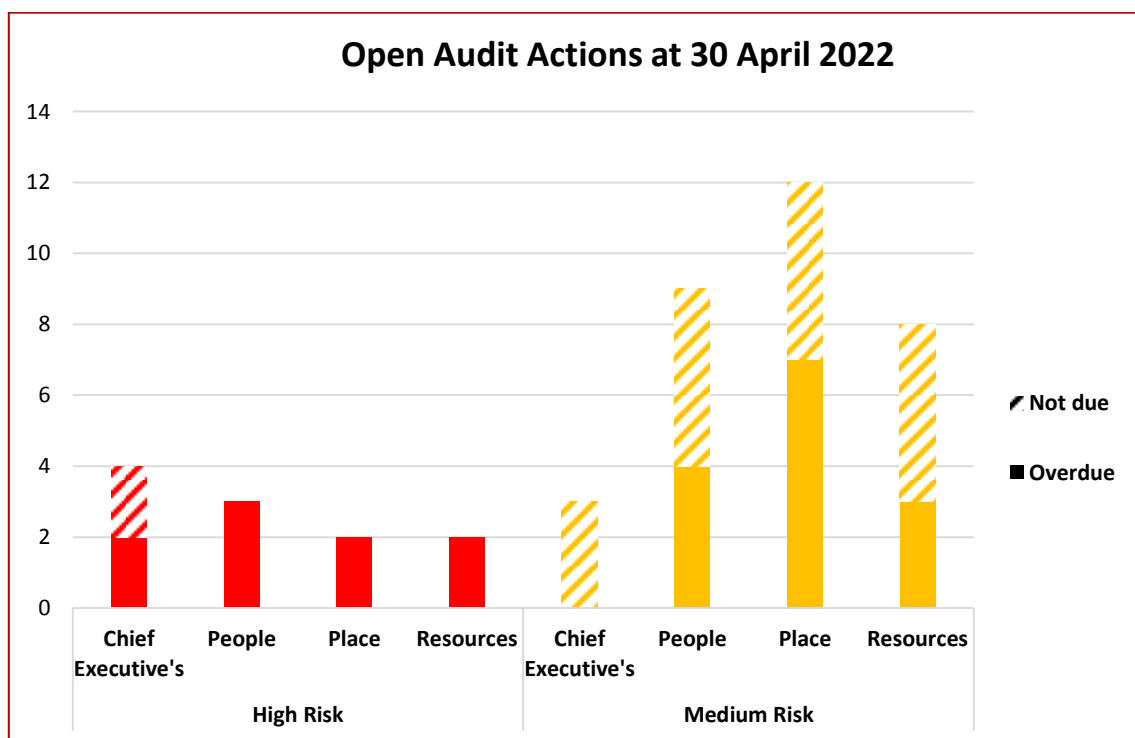
Department	Title	Assurance Level
Place	Green Homes Grant	N/A – Grant Certification
Place	Culture Recovery Fund III	N/A – Grant Certification
Cross Cutting	Protect and Vaccinate Grant	N/A – Grant Certification

### 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 30 April 2022, the implementation rate (12-month rolling basis) for actions from high risk findings is 72% and for medium risk findings is 78%.

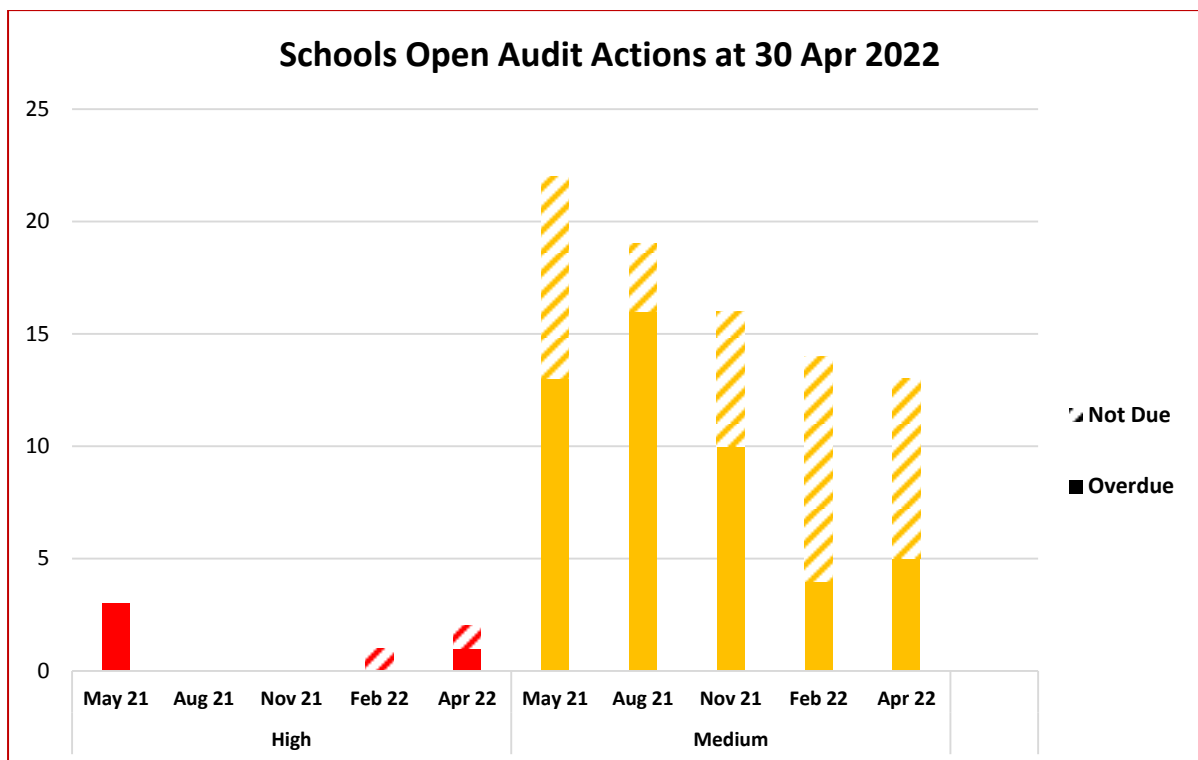
43 actions identified from Corporate audits remain open. Of these, 23 actions (from 9 high risk and 14 medium risk findings) were not fully implemented by their original due date and are, therefore, classed as overdue. Overdue actions are shown by the solid coloured part in the graph below.



Details of the overdue Corporate actions from high risk findings are provided in **Appendix C**.

### Schools' Actions Implementation

At 30 April 2022 2 actions from high-risk findings remain open; one of these is overdue. 13 actions from medium risk findings are open, of which 5 are overdue. The following chart summarises progress on schools' open audit actions over the last year.



### Internal Audit Quality Assessment

Performance of the Internal Audit service for against agreed KPI/quality metrics for the 2021/22 audit 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	14
Days from receipt of management comments to issue of final report	10	7
Level of satisfaction score with audit work	80%	80%*
% of the audit plan delivered to draft report stage	95% By 31 March	78% (by 31 March)
		95% (by 30 April)

\* The level of satisfaction with audit work is determined by way of client satisfaction surveys issued after finalising every audit. 14 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	Complete
Place	Grounds Maintenance	Draft report issued
Resources	<b>Key financial processes:</b> Pensions - fund/payroll contributions	Fieldwork in progress
Resources	<b>Key financial processes:</b> Capital Budget Management	Draft report issued
Resources	<b>Key financial processes:</b> Revenue Budgeting and Forecasting	Draft report issued
Resources	<b>Key financial processes:</b> Financial Management of the Housing Revenue Account	Complete
Resources	Transformation Projects	Cancelled
<b>CR02 Income Maximisation</b>		
Cross Cutting	Test and Trace Grant 20-21	Cancelled
Cross Cutting	S31 Community Testing Grant	Cancelled
Cross Cutting	Contain Outbreak Management Fund (COMF)	Cancelled
Cross Cutting	Green Homes Grant	Cancelled
People	Supporting Families Grant Certification - May	Complete
People	Supporting Families Grant Certification - June	Complete
People	Supporting Families Grant Certification - July	Cancelled
People	Supporting Families Grant Certification - Aug	Complete
People	Supporting Families Grant Certification - Sept	Complete
People	Supporting Families Grant Certification - Oct	Cancelled
People	Supporting Families Grant Certification - Nov	Cancelled
People	Supporting Families Grant Certification - Dec	Complete
People	Supporting Families Grant Certification - Jan	Complete
People	Supporting Families Grant Certification - Feb	Complete
People	Bus Service Operators Grant (BSOG) Certification	Complete
Place	BEGIN Grant (Phase 1)	Complete
Place	BEGIN Grant (Phase 2)	Complete

Dept.	Audit Title	Status
Place	Garden Waste Collection Services	Complete
Place	Community Infrastructure Levy	Complete
Place	Culture Recovery Fund Grant Certification I and II (NEW)	Complete
Place	Culture Recovery Fund Grant Certification III (NEW)	Cancelled
LATC	Customer Services	Cancelled
<b>CR03 Fraud and Corruption</b>		
Chief Executives	Counter Fraud	Complete
Chief Executives	Staff Ethical Standards	Cancelled
Chief Executives	Members' Ethics	Cancelled
Place	Planning	Cancelled
<b>CR04 Data Management</b>		
Cross Cutting	Leavers	Complete
Cross Cutting	DWP Revised Memorandum of Understanding 20-21	Complete
Cross Cutting	Local Government Transparency Code	Complete
Cross Cutting	Handling of Members' Post (NEW)	Complete
Place	Planning Service Data Quality (NEW)	Complete
Place	Planning Consultation Notices (NEW)	Draft report issued
Resources	Digital Services: Cyber Security Red Team Exercise	Cancelled
<b>CR05 Duty of Care</b>		
People	Primary Behaviour Support Service	Complete
People	Secondary Behaviour Support Service	Complete
People	Financial Management of Bridgewood House	Draft report issued
People	SEN Commissioning	Fieldwork in progress
People	Adoption	Cancelled
People	Deprivation of Liberty Safeguards	Complete
Resources	Web content Accessibility Guidelines 2.1 (WCAG 2.1)	Cancelled
People	Looked After Children – Financial Management	Draft report issued
<b>CR06 Customer Demand</b>		

Dept.	Audit Title	Status
Place	Homelessness	Draft report issued
<b>CR07 Digital Technology</b>		
Resources	Digital Services: Contract Management	Draft report issued
<b>CR08 Major Incident</b>		
Cross Cutting	Board Reporting	Cancelled
Cross Cutting	Use of Spreadsheets	Cancelled
Cross Cutting	Lessons Learned from the Pandemic	Cancelled
<b>CR09 Health and Safety</b>		
Cross Cutting	Security Panel	Cancelled
<b>CR10 Housing</b>		
Place	Capital Works	Complete
Place	Housing Compliance - Safety Checks and Management of Lift Maintenance	Draft report issued
Place	Housing repairs and maintenance	Cancelled
Place	Social Housing Assurance Framework Whitepaper	Draft report issued
LATC	Enfield Let	Draft report issued
<b>CR11 Regeneration and Growth</b>		
Place	Meridian Water – Contract Management	Complete
Place	Meridian Water – Financial Management	Cancelled
Place	Meridian Water - Supply Chain Risks	Cancelled
<b>CR12 Supply Chain and Contract Management</b>		
Resources	Procurement Social Value	Cancelled
<b>CR13 Commercial Ventures</b>		
CEX	Oversight of Energetik	Draft report issued
CEX	Oversight of Montagu LLP	Draft report issued
<b>CR14 Staffing</b>		
Cross Cutting	Culture	Cancelled
CEX	Organisational Development	Draft report issued
<b>CR15 Tax</b>		
<i>No planned audits</i>		
<b>CR16 Community Cohesion</b>		
<i>No planned audits</i>		
<b>CR17 Climate Change</b>		



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

## Appendix B: 2022/23 Audit Plan Status

Dept.	Audit Title	Status
<b>CR01 Financial Resilience</b>		
Cross Cutting	Payments to Residential Care Providers	Not yet started
Place	Land/Property Disposals	Not yet started
Place	Economic Strategy	Not yet started
Resources	Transformation Projects – Income and Debt Project	Planning
Cross Cutting	ContrOcc - Lessons Learnt	Planning
<b>CR02 Income Maximisation</b>		
People	Supporting Families (x 10 audits)	Planning
Resources	Education Funding	Not yet started
People	Public Health Grant	Not yet started
Place	Parking Contract	Planning
Cross Cutting	Contain Outbreak Management Fund Grant (COMF)	Planning
Cross Cutting	Local Authority Test and Trace Support Grant	Planning
People	Orchardside School Grant Certification - Alternative Provision Specialist Taskforces Programme	Not yet started
People	Bus Service Operators Grant	Not yet started
Resources	Self-Isolation Payments Funding	Not yet started
Place	Culture Recovery Fund III	Complete
Cross Cutting	Protect and Vaccinate Grant	Complete
<b>CR03 Fraud and Corruption</b>		
CEX	Members' Ethics	Not yet started
Place	Meridian Water Community Chest Grants	Not yet started
Place	Planning	Not yet started
Resources	Blue Badges	Not yet started
CEX	Staff Ethical Standards	Planning
<b>CR04 Data Management</b>		
Cross Cutting	Smarter Working - Clear Desk Policy	Not yet started
Cross Cutting	Data Governance	Not yet started
<b>CR05 Duty of Care</b>		
People	Passenger Services Operations - Adults	Planning
People	Enfield Early Help for All Strategy	Not yet started
People	Post 16 Services	Not yet started

Dept.	Audit Title	Status
Resources	Web content Accessibility Guidelines 2.1 (WCAG 2.1)	Planning
People	Multi Agency Safeguarding Hub (MASH)	Not yet started
<b>CR06 Customer Demand</b>		
Resources	Complaints and Information	Not yet started
<b>CR07 Digital Technology</b>		
Resources	IT Statutory Compliance	Not yet started
Cross Cutting	Schools Cyber Security	Not yet started
<b>CR08 Major Incident</b>		
CEX	Business Continuity Planning	Not yet started
Cross Cutting	Board Reporting	Fieldwork in progress
Cross Cutting	Use of Spreadsheets	Not yet started
<b>CR09 Health and Safety</b>		
Cross Cutting	Corporate Health and Safety Board	Planning
Cross Cutting	Security Board	Planning
<b>CR10 Housing</b>		
Place	Housing Repairs and Maintenance	Planning
Place	Housing Development Programme Management – Bury Street West	Not yet started
<b>CR11 Regeneration and Growth</b>		
Cross Cutting	Governance and Management – Cemetery Project	Not yet started
Cross Cutting	Governance and Management – Building Bloqs	Planning
Place	Meridian Water - Supply Chain Risks	Not yet started
Place	Meridian Water: Financial Management of Capital Expenditure	Not yet started
<b>CR12 Supply Chain and Contract Management</b>		
Place	Highways Inspections	Not yet started
Cross Cutting	PFI Contract Monitoring	Not yet started
<b>CR13 Commercial Ventures</b>		
LATC	Housing Gateway Limited (HGL) - Disabled Facilities Grant Process	Not yet started
LATC	Housing Gateway Limited (HGL) - Suitability Assessment Process for HGL properties	Not yet started
<b>CR14 Staffing</b>		
Cross Cutting	Whistleblowing, Grievances and Disciplinary Procedures	Not yet started
Cross Cutting	Culture	Cancelled
<b>CR15 Tax</b>		
<i>No planned audits</i>		

Dept.	Audit Title	Status
<b>CR16 Community Cohesion</b>		
<i>No planned audits</i>		
<b>CR17 Climate Change</b>		
Place	Waste Services Contract	<b>Planning</b>
Place	Green Homes Grant	<b>Complete</b>
<b>CR18 Equality, Diversity, and Inclusion</b>		
<i>No planned audits</i>		
<b>CR19 Legislation, Regulations and Standards</b>		
CEX	Organisational Governance	<b>Cancelled</b>
Place	Building Safety	<b>Not yet started</b>
CEX	Supporting Members	<b>Not yet started</b>
<b>CR20 Financial Management</b>		
Resources	Financial External Audit Process	<b>Not yet started</b>
Resources	Accounts Receivable	<b>Not yet started</b>
Resources	General Ledger	<b>Not yet started</b>
Resources	Business Rates Process	<b>Not yet started</b>
Resources	Payroll - Calculations	<b>Not yet started</b>
<b>Other</b>		
CEX	Mayor of the London Borough of Enfield Appeal Fund Accounts 2021/22	<b>Not yet started</b>
People	Chase Community School	<b>Planning</b>
People	The Latymer School	<b>Not yet started</b>
People	Freezywater St George's CE Primary School	<b>Not yet started</b>
People	St Andrew's (Enfield) CE Primary School	<b>Planning</b>
People	St Ignatius College	<b>Not yet started</b>
People	West Lea School	<b>Not yet started</b>
People	Highfield Primary School	<b>Not yet started</b>
SHCC	Carterhatch Infants School	<b>Planning</b>

## APPENDIX C: Overdue High Risk Actions

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
<b>Chief Executive's Department</b>					
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>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></p> <p>a) Implemented</p> <p>b) Current system does not allow for this, engaging with DS colleagues. iGrasp will no longer be supported at end of 2022.</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 are included in the specification for a replacement application.</p>	31-Jul-2021	<p><b>Update September 2021</b></p> <p>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, reporting will be based</p>	31-Oct-2022

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
				on what can be extracted manually and reliably reported.  c) Implemented.	
<b>People Department</b>					
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 May 2022</b> The first draft of the manual is now subject to a wider internal review process engaging with relevant officers. A small group of school business managers will then be engaged in a final review process, aiming to launch the manual for the start of the new academic year in September 2022.	30-Sep-2022
Secondary Behaviour Support Service	Referral Processes	The Service will ensure that: - Intervention record sheets are completed in full and include: - the agreed number of sessions to be undertaken - the sessions actually carried out - the progress each student has made. - Progress notes for all intervention provisions will be completed and held in full. - A meeting is held with the school at the end of each intervention programme to discuss, review and agree any recommended next	31-Mar-2022	<b>Internal Audit Review, May 2022</b> Action is progressed with a revised date of 31 July 2022.	31-Jul-2022

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		steps before support is withdrawn. - Any recommended tests are formally followed up. - All referral spreadsheet entries are recorded correctly and checked for accuracy.			
Secondary Behaviour Support Service	Case Reviews	The Service will formalise a case review process ensuring that an agreed proportion of referrals are discussed, and that learning is identified, recorded and shared across the team. This process will be included as a part of the Service's procedure notes (see finding 4).	31-Mar-2022	<b>Internal Audit Review, May 2022</b> Action is progressed with a revised date of 31 July 2022.	31-Jul-2022
<b>Place Department</b>					
Facilities Management of Youth Centres	Corporate Landlord Responsibilities	The Corporate Compliance Officer will continue working with the Buildings and Lettings Officer to ensure that: - All statutory and service compliance checks are carried out and documented in a timely manner; - Exceptions identified in this audit from the compliance report are investigated and resolved as a matter of urgency; - All information is centralised and recorded in the Atrium system, including fire extinguisher checks; - 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.	31-Dec-2020	<b>Update May 2022</b> The SLA is still being negotiated.  However, the Head of Service is confident that this is moving forward and that a final agreement will be in place soon.	30-Jun-2022
Facilities Management of Youth Centres	Policies and Procedures	a) Comprehensive policy and procedures for the facilities management of youth centres will be compiled to include:	31-Dec-2020	<b>Update May 2022</b> The SLA is still being negotiated.	30-Jun-2022

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		<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> <li>- Corporate landlord responsibilities;</li> <li>- General upkeep and maintenance of the premises.</li> </ul> <p>b) The policy and procedures documentation will be reviewed annually and communicated to staff.</p> <p>c) The Corporate Landlord policy will be reviewed and updated to reflect changes in the roles and responsibilities of officers.</p>		However, the Head of Service is confident that this is moving forward and that a final agreement will be in place soon.	
<b>Resources Department</b>					
DWP Memorandum of Understanding	Baseline Personnel Security Standard (BPSS) Checks	<p>a) We will identify all relevant data users and system administrators working with the Council under the status of Contracted Service Provider and ensure that BPSS checks are undertaken.</p> <p>b) The outcome of these checks will be retained and copied to the Digital Services systems administrators.</p> <p>c) We will review the Civica contract to determine what assurances are required for Civica staff that access DWP/HMRC data on our behalf and will ensure these assurances are in place.</p>	31-Mar-2022	<b>Internal Audit Review, May 2022</b> a) Implemented b) Implemented c) Progressed. The review with Civica on Demand is in progress. The revised target date is 30 September 2022.	30-Sep-2022
DWP Memorandum of Understanding	GDPR Training	a) The Head of Financial Assessments, together with the Governance Working Group, will ensure that:	31-Mar-2022	<b>Internal Audit Review, May 2022</b> All staff have completed training except two, who have just returned	30-Jun-2022



Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		<ul style="list-style-type: none"> <li>- All data users and system administrators, who have not already done so, will complete GDPR training as soon as possible.</li> <li>- Records are retained to confirm GDPR training has been completed.</li> <li>- Annual training reminders are sent to relevant staff.</li> </ul> <p>b) Regular reports will be provided to the Governance Working Group to confirm compliance.</p>		from long term absence. Therefore, this has progressed, and the revised target date is 30 June 2022.	

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**London Borough of Enfield****General Purposes Committee****29 June 2022**

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<b>Subject:</b>	<b>Counter Fraud Annual Report 2021/22</b>
<b>Cabinet Member:</b>	<b>Cllr Tim Leaver, Cabinet Member for Finance and Procurement</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 work undertaken by the Counter Fraud team during the year ended 31 March 2022 is presented in terms of outcomes value of frauds prevented, and overpayments raised.
2. During the year, some notable results have been achieved, including the identification of overpayments and preventative savings of £1.4m (2020/21: £3.8m, which included £2.1m attributed to the initial Business Rates grant exercise). These savings have primarily been achieved through the cancellation of fraudulent applications made by tenants to purchase properties under the Right to Buy scheme, the raising of overpayments relating to Housing Benefit and Council Tax, and the screening of applications for support from people with No Recourse to Public Funds.
3. An additional £870k in notional housing savings has been identified as a result of the work undertaken jointly with the Place Operations and Temporary Accommodation Procurement teams to recover properties that were not being lawfully occupied by the respective tenants.

**Proposal**

4. The General Purposes Committee is requested to:
  - endorse the work of the Counter Fraud team;
  - provide feedback on the contents of this report.

### **Reason for Proposal**

5. Recognition and support for the work of the Counter Fraud team demonstrates the Council's commitment to a zero-tolerance approach to fraud, as outlined in the Council's Counter Fraud Strategy, and serves as a deterrent to fraudsters targeting the Council.

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

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

6. 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**

7. 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**

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

### **Background**

9. This report summarises the work of the Counter Fraud team for the period 1 April 2021 to 31 March 2022.
10. Although some aspects of our work continued to be adversely impacted by Covid-19 (including a staff member being seconded to support pandemic work in other areas at the beginning of the year), the team still achieved some significant results during this period, including:
  - Identifying overpayments and potential savings of £1.4m. This included the identification of fraudulent or unlawful claims for:
    - Right to Buy discounts,
    - Business Grant payments
    - Support provided by the No Recourse to Public Funds team
    - Council Tax (support, discounts, and exemptions)
    - Housing Benefits

- Supporting the Place Operations and Temporary Accommodation Procurement teams in recovering 48 properties with a notional savings value of £870k;
- 2 financial penalties totalling £1.5k were levied for Council Tax Support offences.

These results are summarised in **Table 1** and **Table 2** at **Appendix A**.

### **Housing Fraud**

11. For 2021/22, the Counter Fraud Team received funding from the Housing Revenue Account (HRA) to provide investigative support to the Place Operations Team in Housing and Regeneration. These investigations focused on recovering properties that had been unlawfully used, including those that had been abandoned or sublet. Once recovered, these properties were then available for re-let to applicants in genuine need of assistance.
12. This work continued to be negatively impacted by the effects of Covid-19, in particular Court hearings continued to be delayed; however, in 2021/22 this joint project resulted in recovery of 19 properties (2020/21: 40).
13. In addition, the Counter Fraud team supported the work of temporary accommodation visiting officers who conducted a rolling programme of targeted visits (when lockdown restrictions allowed). As a result of this work, 29 abandoned or misused properties were identified in 2021/22 (2020/21: 18).
14. The HRA has also funded Counter Fraud investigation support to the Right to Buy (RTB) Team. This process examined every qualifying RTB application. As a result during 2021/22 8 cases were cancelled or withdrawn (2020/21: 8). Had these applications proceeded to completion, the cumulative discounts allowed against the purchase price would have been £902k.
15. Throughout 2021/22, the Counter Fraud Team provided investigative support to the No Recourse to Public Funds (NRPF) team in the Homelessness Service. Due to our interventions, 8 applications for support were refused or cancelled during 2021/22 (2020/21: 15), and a further 2 households had their level of financial assistance reduced (2020/21: 7). The effects of the pandemic saw an overall reduction in the numbers of new NRPF applications during 2021/22, although the work of the Counter Fraud Team has resulted in savings of £74k (2020/21: £279k).

### **Business Grants**

16. Throughout 2021/22, the Counter Fraud team have continued to support the Business Grant Team with the verification of grant applications submitted by businesses operating in the borough.
17. Although the volumes value of grants issued were significantly reduced from the initial tranche paid during 2020/21, the Counter Fraud team continued to undertake a key role in ensuring that suitable controls were in place at the application stage. In addition, the Counter Fraud team ran pre-payment checks to validate bank accounts and confirmed that businesses were still operational.
18. To satisfy the requirements of the Department for Business, Energy and Industrial Strategy, the Counter Fraud Team undertook a programme of post-payment verification work to confirm that businesses who had received help were properly entitled.
19. Our post-payment verification work has led to the identification of 9 cases with a combined value of £150k where grants were incorrectly claimed, including cases where businesses had ceased trading before assistance became available. These amounts will be recovered from the applicants.

### **Fraud Prevention work**

20. During November 2021, the Counter Fraud team ran five Microsoft Teams sessions to mark International Fraud Awareness Week.
21. These sessions covered:
  - An overview of the work of the Counter Fraud Team (two sessions)
  - Procurement Fraud (co-presented with the Head of Policy and Contract Development)
  - Insurance Fraud (with the Council's Insurance Team)
  - Cyber Security (in conjunction with Digital Services)
22. These sessions also promoted the Council's Whistleblowing Policy that encourages staff to come forward and raise concerns in confidence.
23. The team also published their first newsletter in 2021/22, further bulletins will follow during 2022/23.
24. Counter Fraud training was delivered to an audience of School Business Managers as part of a Financial Management Training package arranged by the Schools Personnel Service. The session covered key fraud risks faced by schools, with a particular focus on cybercrime.

## **Financial Investigations**

25. The team's Financial Investigator has continued to support both Trading Standards and Planning in the areas of Proceeds of Crime confiscation, enforcement, and re-considerations.
26. One of the cases concluded during 2021/22 involved a rogue landlord who was convicted for planning offences in 2018 having illegally converted a house into six bedsits. Following this conviction, the combined efforts of the Counter Fraud team's Financial Investigator and Legal Services resulted in the Court imposing a Confiscation Order for £86k under the Proceeds of Crime Act. However, as of August 2021, only £9k had been paid leaving an amount outstanding, including interest, of over £96k. Enforcement action was pursued and on 17 August 2021 at Westminster Magistrates Court, the default prison sentence of 4 years and 5 months was imposed for non-payment. This meant that the individual was immediately taken to prison; however, three days later the amount was paid in full, resulting in the individual's release. The Council will receive £32k with the remainder split between HM Treasury and the Courts Service

## **2021/22 Caseload analysis**

27. Overall the team investigated and closed 293 cases in 2021/22 (2020/21; 754 including 439 in connection with the initial business rates grant exercise). Details are shown in **Table 3** at **Appendix A**.

## **Whistleblowing cases**

28. A refreshed Whistleblowing Policy, including a model Schools Whistleblowing Policy, was presented to the General Purposes Committee in January 2022. During 2021/22, the Audit and Risk Management Service was advised of 4 cases raised under the Whistleblowing Policy (2020/21: 6). A summary of these can be found at **Table 4** in **Appendix A**.

## **Insurance Fraud**

29. All insurance claims are subject to close scrutiny prior to payment and consequently no claims were deemed to be fraudulent during 2021/22. However, the Counter Fraud team assisted with a case after three mini-buses were stolen from the car park of a Council Resource Centre. Our subsequent report set out several recommendations to improve the security of vehicles at the site.

## **Blue Badge Misuse**

30. The Environmental Protection Team in the Place Department are responsible for investigating the misuse of Blue Badges. Street patrols

were halted during the year due to Covid-19 restrictions. Currently eight cases are with Legal Services for potential prosecution and a further six cases are under investigation. During 2021/22 there was a significant reduction in court time for such offences.

### **Transparency Data**

31. The Local Government Transparency Code requires us to publish data with regard to specific fraud-related activities. This data is presented in **Table 5** at **Appendix A**.

### **Counter Fraud Operating Plan 2021/22**

32. Our annual Operating Plan provides an overview of the work that the team will cover during the year, and progress made against the 2021/22 plan is detailed at **Appendix B**.
33. The Operating Plan for 2022/23 was presented to the General Purposes Committee in March 2022.

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

34. Any large complex organisation needs to have a well-established and effective Counter Fraud function in place to minimise losses due to fraud.

### **Safeguarding Implications**

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

### **Public Health Implications**

36. There are no Public Health implications arising from this report.

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

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

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

38. 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**

39. If the work of the Counter Fraud function is not supported, then 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**

40. A risk of financial and reputational loss from fraudulent activities will still exist. However, the recognition and communication of our Counter Fraud activities will mitigate that risk.

**Financial Implications**

41. The recognition and communication of the work of the Counter Fraud team will aid in mitigating financial risk to the Council, however there are no specific financial implications related to this report.

**Legal Implications**

42. There are no specific legal implications arising from this report.

**Workforce Implications**

43. There are no specific workforce implications arising from this report.

**Property Implications**

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

**Other Implications**

45. N/A

**Options Considered**

46. In line with recognised best practice, no other options were considered.

**Conclusions**

47. The General Purposes Committee is requested to:
- note the work completed by the Counter Fraud Team during the period 1 April 2021 to 31 March 2022 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: 17 June 2022

### **Appendices**

**Appendix A:** Outcomes from Counter Fraud Activities 2021/22  
**Appendix B:** Progress Against Counter Fraud Operating Plan 2021/22

### **Background Papers**

None

## Appendix A

## Outcomes from Counter Fraud Activities 2021/22

Table 1a: Housing Recoveries

Fraud Type	Annual Target	Actual	Variance	Notional Saving **
Council Properties Recovered	75	19	(56)	£798k
TA / PSL / HA Properties Recovered	25	29	4	£72 k
<b>Overall *</b>	<b>100</b>	<b>48</b>	<b>(52)</b>	<b>£870k</b>

Table 1b: Savings from Frauds Investigated or Prevented

	Annual Target	Actual	Variance
<b>Savings ***</b>	<b>£2.75m</b>	<b>£1.39m</b>	<b>(£1.36m)</b>

\* Includes recoveries identified by the Place Operations and Temporary Accommodation Procurement teams, supported by Counter Fraud Officers

\*\* The Notional Value attributed to recovery of a Council property is the amount of £42k per property as per the calculation published by the Tenancy Fraud Forum in April 2022; the figure takes into account the average annual cost of providing temporary accommodation for a family who could otherwise have occupied the recovered property, plus average investigation and legal costs. The Notional Value of a Temporary Accommodation recovery is based on the net annual cost to the Council of acquiring a property for use as temporary accommodation.

\*\*\* Includes overpayments identified or recovered, as well as potential future income and the estimated value of losses prevented by the detection and interception of fraud and improvement of controls – please see Table 2 below.

**Table 2:****Detected and Prevented Fraud Savings 1 April 2021 to 31 March 2022**

<b>Fraud Type</b>	<b>Detected (£)</b>	<b>Prevented (£)</b>
Right to Buy		902,400
Business Grants	151,733	
Housing Benefit	92,924	
Financial Investigations	86,280	
No Recourse to Public Funds		74,147
Pension Overpayments	42,397	
Business Rates	24,251	
Council Tax Reduction Scheme & Discounts	19,345	
Benefit Penalties	1,539	
<b>Sub-totals</b>	<b>418,469</b>	<b>976,547</b>
<b>Total</b>	<b>£1,395,016</b>	

**Table 3: Counter Fraud Caseload 2021/22**

<b>Fraud Type</b>	<b>Opened</b>	<b>Closed</b>
Business Rates (incl. grants)	15	10
Council Tax	6	8
Employee	7	3
Financial Investigations	3	5
Housing – household amendments	52	52
Housing – Right To Buy	94	90
Housing – succession applications	42	28
Housing – temporary accommodation	7	8
Housing – tenancy issues	45	52
No Recourse to Public Funds	17	24
Miscellaneous	6	9
Personal Budgets	1	2
Procurement	1	1
Schools	-	1
<b>Totals</b>	<b>296</b>	<b>293</b>

**Table 4: Whistleblowing Cases 2021/22**

<b>Concern</b>	<b>Outcome</b>
Employee breach of code of conduct	Substantiated, employee dismissed
Procedural mismanagement of cases (raised by former agency employee)	Not substantiated
A proposed restructure has not been conducted properly and should be halted; it was also alleged that officers engage in timesheet fraud, and that service users have been defrauded by officers.	Not substantiated
Financial management issues (school)	Under investigation

**Table 5 – Transparency Code Data 2021/22**

Category	Value
Number of occasions that powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers have been used	24
Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud .	9 (absolute) 7.1 (FTE)
Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists	7 (absolute) 6.5 (FTE)
Total amount spent by the authority on the investigation and prosecution of fraud	£386k
Total number of fraud cases investigated	293

## Progress Against Counter Fraud Operating Plan 2021/22

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	PROGRESS UPDATE
<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 2021-22 to EMT and GPC	x				<b>Completed</b> The 2021/22 strategy & operating plan was approved by GPC on 30/06/2021; the 2022/23 strategy & plan was approved on 03/03/2022.
		Report to Assurance Board, EMT and GPC on performance, including Whistleblowing and introduction of Insurance and Blue Badge stats.	x	x	x	x	<b>Completed</b> Reports are being completed as timetabled
		Annual review and approval of policies by EMT and GPC: <ul style="list-style-type: none"> <li>Whistleblowing</li> <li>AML</li> <li>Sanction &amp; Prosecution Policy</li> </ul>				x x x	<b>Completed</b> The policies were approved by GPC on 13/01/2022.

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
<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: <ul style="list-style-type: none"> <li>Intranet</li> <li>Staff Matters</li> <li>Yammer</li> </ul>		x			<b>Ongoing</b> Although our publicity request was declined by the Leader, we will continue to publicise the policy when circumstances allow.
	Counter Fraud Operating Plan	Review Operating Plan in line with: <ul style="list-style-type: none"> <li>Counter Fraud Strategy 2021-22</li> <li>Regular risk assessments</li> <li>Internal Audit key findings</li> <li>Team meetings</li> </ul>	x	x	x	x	<b>Ongoing</b> Progress against plan to be discussed as part of monthly team meetings.
	Development of fraud risk strategy	Engagement with Risk Management Group regarding creation of fraud risk register.	x	x			<b>Ongoing</b> The fraud risk register remains a work in progress and this has been carried forward into the 2022/23 Operating Plan.
		Create corporate and operational fraud risk registers in collaboration with Service representatives across the Council.				x	
		Apply the above fraud risk registers to inform the Counter Fraud and Internal Audit Plans of new and emerging fraud risks and to highlight areas for proactive review.			x	x	



FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
	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 risks. Review risk registers managed by the Risk Management Team to ensure emerging/changing risks are appropriately considered by the Counter Fraud Team. Review overdue audit actions to ascertain whether non implementation has a fraud impact	x	x	x	x	<b>Completed</b> This activity will continue across 2022/23.
	Improved use of data analytics	Identify a new project (e.g. employee expenses below) on which to apply data analytics and follow this through to completion. Use outcomes to inform additional use of data analytics.	x	x	x	x	<b>Ongoing</b> All of the team received data analytics training during 2021/22, we hope to utilise this training on projects in 2022/23.

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
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FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
<b>PREVENT</b> <ul style="list-style-type: none"> <li>Information and Technology is better utilised</li> <li>Fraud controls and processes are enhanced to aid prevention</li> <li>A more effective anti-fraud culture is developed</li> </ul>	New ways of working	Embedding new ways of working including procedures manual and appropriate training.	x	x			<b>Completed</b> Since 2021 investigators have a generic caseload, as opposed to specialising in a single area of work.
	Proactive work: <b>External</b>	NFI (review and allocate reports within Counter Fraud Team and Service areas). Report on outcomes to Assurance Board.	x	x	x	x	<b>Ongoing</b> Deceased persons matches have been allocated and progressed by appropriate teams.  Financial Assessments are reviewing matches with Student Loans.  A newly established Council Tax Review Team have used NFI to match CT SPDs against credit reference information which has identified projected savings of £0.5m.  We have joined the NFI Fraud Hub with effect from May 2022.

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
	Internal	CIFAS (arrange access and training for all Counter Fraud Officers and undertake the matching of Adult Social Care data against CIFAS data).	x	x			<b>Ongoing</b> Team members all have CIFAS accounts; refresher training is still to be arranged.  A pilot match of ASC data did not identify any cases, a full match will be undertaken during 2022/23.
		Pre and post payment assurance checks for business grants.	x	x	x	x	<b>Ongoing</b> This work remains ongoing throughout 2022/23, savings identified through this work are highlighted in the main body of this report.
		Procurement - Purchase Card transactions (as per audit)		x			<b>Ongoing</b> A draft report presenting our findings was issued in May 2022; a number of cases require further investigation in order to confirm that the expenditure was legitimate.
		Employee expenses			x	x	<b>Ongoing</b> We did not undertake these pro-active exercises during 2021/22 due to the volumes
		Disabled Facilities Grants			x	x	

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
		Direct Payments – random sample for verification		x	x		of referrals made to the team; these exercises have been carried forward to the 2022/23 operating plan.
		Care leavers – Housing Benefit issues		x			
		Meridian Water – fraud review		x			<b>Complete</b> The Counter Fraud Team delivered a fraud awareness presentation to Meridian Water staff in September 2021; follow-up work has been included on the 2022/23 Operating Plan.
		AP1 exercise					<b>Ongoing</b> A draft report presenting our findings was issued for comment in May 2022. Although no evidence of fraud was identified, we have made recommendations to reduce future risk.

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
	Fraud Awareness	<p>Review of iLearn module to ensure content:</p> <ul style="list-style-type: none"> <li>is up to date (including contact details)</li> <li>sufficiently covers the topics of anti-bribery &amp; corruption and money laundering.</li> </ul> <p>Consult with Risk Management on inclusion of fraud risks within training for new starters.</p> <p>Publicise the iLearn module on intranet/ other means to increase uptake by all staff.</p>		x			<b>Ongoing</b> We will continue our review of the online training in 2022/23.
		Counter Fraud Team to design and lead LBE International Fraud Awareness Week 2021 (14 <sup>th</sup> to 20 <sup>th</sup> November) activities.		x	x		<b>Complete</b> The activities undertaken during IFAW 2021 are detailed elsewhere in this report.
	Schools Professional Learning	The provision of a joint audit and fraud training session, with Internal Audit, for maintained schools who have purchased the training package.			x		<b>Complete</b> Fraud Awareness training was delivered to an audience of School Business Managers as part of a Financial Management Training package arranged by the Schools HR Team.

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
<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 and supportive law enforcement response</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. Reactive work will take priority over proactive work.	x	x	x	x	<b>Complete</b> These core activities were undertaken throughout 2021/22 and will continue during 2022/23.
	Review of approach to criminal prosecutions	Actively pursue prosecutions and sanctions. Publicise successful cases.		x			<b>Ongoing</b> We will continue to liaise with the Legal Services Team during 2022/23.
	Training	Training needs of Counter Fraud staff to be reviewed and training to be provided.	x	x	x	x	<b>Ongoing</b> We will continue to identify training needs as part of the PDR process.

FFCL PILLAR & KEY CONCEPTS	PROJECT DESCRIPTION	TASKS	Q1	Q2	Q3	Q4	Progress
<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 fraud and cyber crime</li> </ul>	Communication	Develop plan for the year, highlighting communications for focus each month.  Utilisation of Yammer.	x	x	x	x	<b>Ongoing</b> Raising the profile of the Counter Fraud team remains a key objective for us, we will continue this work during 2022/23.
	Collaboration,	Develop and improve working relationship with internal services and external organisations, including: <ul style="list-style-type: none"> <li>• Digital Services</li> <li>• The Police (Community Safety)</li> <li>• Waltham Forest and other boroughs</li> <li>• LBFIF</li> <li>• CCAS</li> <li>• CIFAS user group</li> <li>• The Government Counter Fraud Profession</li> </ul>	x	x	x	x	<b>Ongoing</b> We will continue to liaise with our internal and external partners to combat fraud.

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## London Borough of Enfield

### General Purposes Committee

29 June 2022

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<b>Subject:</b>	<b>2021-22 Annual Data Protection Officer Report</b>
<b>Cabinet Member:</b>	<b>Cllr Tim Leaver, Cabinet Member for Finance &amp; Procurement</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 Annual Data Protection Officer Audit Report (**Annex 1**) summarises:

- The role of the Data Protection Officer (DPO)
- Analysis of the Council's Data Protection compliance
- Schools' Data Protection Update

### Proposal

2. The General Purposes Committee is requested to note the 2021-22 Annual Data Protection Officer Report.

### Reason for Proposal

3. Article 38 (3) of the United Kingdom General Data Protection Regulation (UK GDPR) requires that "...The data protection officer shall directly report to the highest management level of the controller...". This report fulfils this obligation.

### Relevance to the Council's Plan

#### Good Homes in Well-Connected Neighbourhoods

4. An effective Data Protection Officer 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

5. Compliance with data protection law and a strong enforcement of rights will result in safe, healthy, and confident communities.

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

6. An effective Data Protection Officer service will help the Council achieve its objectives in building an economy that works for everyone.

## **Background**

7. The tasks of the DPO are defined in the legislation.

The Information Commissioner's Office summarises them as:

- to inform and advise you and your employees about your obligations to comply with the UK GDPR and other data protection laws;
- to monitor compliance with the UK GDPR and other data protection laws, and with your data protection policies, including managing internal data protection activities; raising awareness of data protection issues, training staff and conducting internal audits;
- to advise on, and to monitor, data protection impact assessments;
- to cooperate with the supervisory authority; and
- to be the first point of contact for supervisory authorities and for individuals whose data is processed (employees, customers etc).

This report constitutes part of these tasks and is required by law.

## **Main Considerations for the Council**

8. Under the UK GDPR, it is a duty for all public authorities to appoint a data protection officer (DPO).
9. The DPO assists the Council to monitor internal compliance, inform and advise on data protection obligations, provide advice regarding data protection risks and act as a contact point for data subjects and the Information Commissioner's Office (ICO).
10. During 2021-22, the Council continued to improve its data protection practises. It is recognised that the Council needs to continue to build on its successes in this area and this is outlined and summarised in the 2021-22 Annual Data Protection Officer Report.

## **Safeguarding Implications**

11. There are no safeguarding implications related to this report.

## **Public Health Implications**

12. There are no Public Health implications related to this report.

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

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

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

14. There are no environmental and climate change implications related to this report.

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

15. If the DPO does not report to the highest levels of the organisation, there is a risk that the Council will not fulfil its duties under UK GDPR.

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

16. N/A

### **Financial Implications**

17. Failure to comply with data protection law could ultimately lead to significant fines from the supervisory authority. The Information Commissioner's Office can fine organisations up to £17.5 million or 4% of the annual turnover for non-compliance.

### **Legal Implications**

18. Article 39 of the UK GDPR sets out the tasks of the DPO. The Council, not the DPO, is responsible for implementing appropriate technical and organisational measures to ensure that it is in compliance with the UK GDPR (Articles 24 and 28).

### **Workforce Implications**

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

### **Property Implications**

20. There are no specific property implications related to this report.

### **Other Implications**

21. N/A

### **Options Considered**

22. Given the requirement for the DPO to be able to directly report to the highest level of management, no other options were considered.

## **Conclusions**

23. The General Purposes Committee is requested to note:

- the work completed by the Data Protection Officer during 2021-22 and the themes and outcomes arising from this work.

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Report Author: Gemma Young  
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Tel: 07900 168938

Date of report: 17 June 2022

## **Appendices**

**Annex 1:** Annual Data Protection Officer Report

## **Background Papers**

None

## Annex 1



# Data Protection Officer Annual Report 2021-22

June 2022

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## Foreword

Since January 2021, the provisions of the EU GDPR have been incorporated directly into UK law as the UK GDPR. In practice, there is little change to the core data protection principles, rights and obligations, which have now been fully embedded into working practices across the Council.

Whilst there has been some good evidence of data protection compliance in general, there are some areas for improvement which the Council should address in order to further improve the level of compliance.

One of these areas is the Council's privacy notice. The privacy notice is a legal requirement and provides data subjects with privacy information at the time when personal data is collected. The current privacy notice is currently undergoing a review process to ensure full compliance with the data protection legal framework.

It is important for the Council to continue to pay sufficient regard to Data Protection not only to ensure individuals' rights are upheld but also due to the fact enhanced enforcement powers granted to the Information Commissioner's Office (ICO), including the power to levy a fine of £17,500,000 or up to 4% of annual global turnover, whichever is larger, can potentially be enforced.

As well as providing a Data Protection Officer (DPO) service to the Council itself, the London Borough of Enfield has also provided a DPO service to all its maintained schools.

This report will address the work undertaken with both the Council and its maintained schools.

Please note that reference to the DPO in this report includes the data protection team.

Rezaur Choudhury  
Data Protection Officer

## **Data Protection Officer Role**

The UK GDPR requires all public authority data controllers to designate a Data Protection Officer (DPO). The primary role of the Council's DPO is to ensure that the London Borough of Enfield processes the personal data of its staff, customers, providers or any other individuals (also referred to as data subjects) in compliance with the applicable data protection rules.

The role of the DPO is to:

- monitor internal compliance with data protection legislation
- to inform and advise on data protection obligations
- to advise on and review Data Protection Impact Assessments (DPIAs)
- to provide risk-based advice to the Council and its schools
- to raise awareness of data protection issues
- to undertake and commission data protection audits
- to be a contact point for "data subjects" (whether that be the public or internal employees)
- to be the point of contact for the Information Commissioner's Office (ICO)

In fulfilling that role, a DPO must:

- act independently
- be an expert in data protection
- be adequately resourced to carry out the role

The designated Data Protection Officer must be able to directly report to the highest management level, must not receive instructions regarding the exercising of statutory tasks, and shall not be penalised or dismissed for performing those tasks.

The Council must support the DPO in performing his tasks by providing resources necessary to carry out those tasks and access to personal data and processing operations.

Since April 2021, Rezaur Choudhury has been appointed the permanent designated DPO as required by Article 37 of the UK GDPR.



## **Analysis of the Council's Data Protection Compliance**

### **Data Protection Queries and Advice**

One of the key tasks of the DPO is to inform and advise the Council and maintained schools about their obligations to comply with the UK GDPR and other data protection laws. This is a requirement under Article 39 of the UK GDPR.

The DPO receives a wide range of queries on data protection matters. This involves both providing advice, guidance and supporting various internal processes. Advice is provided on intricate aspects of the law supporting the organisation in applying data protection in practice. The DPO also assists with various internal data protection practices such as the review of privacy documentation, monitoring of Data Protection Impact Assessments and maintaining the Records of Processing Activities.

Areas on which advice is being provided on include:

- Data Sharing Agreements
- Data Processing Agreements
- Understanding the role of the Council as a Data Controller and its implications
- Understanding the role of external agencies as Data Processors and its implications
- Application of the data protection principles
- Understanding the lawful bases for processing personal data
- Data Protection Impact Assessments
- Data protection risks
- Disapplication of the data protection provisions (exemptions)
- Data protection breaches

There has been a good level of engagement from different parts of the Council on various data protection issues. Advice is sought from the DPO on data processing at different stages. Whilst there has been good engagement from certain areas of the Council, DPO advice on data protection has at times been sought at the end/completion of projects. This has not enabled optimal achievement of one of the key data protection themes, data protection by design and default, which will be addressed in detail later.

### **Data Protection Breaches**

A personal data breach means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. This includes breaches that are the result of both accidental and deliberate causes.

A personal data breach can be broadly defined as a security incident that has affected the confidentiality, integrity or availability of personal data. In short, there will be a personal data breach whenever any personal data is accidentally lost, destroyed, corrupted or disclosed; if someone accesses the data or passes it on

without proper authorisation; or if the data is made unavailable and this unavailability has a significant negative effect on individuals.

When a security incident is reported, the DPO advises if a personal data breach has occurred and, if so, promptly take steps to address it, which includes a report to the ICO and affected data subjects when necessary.

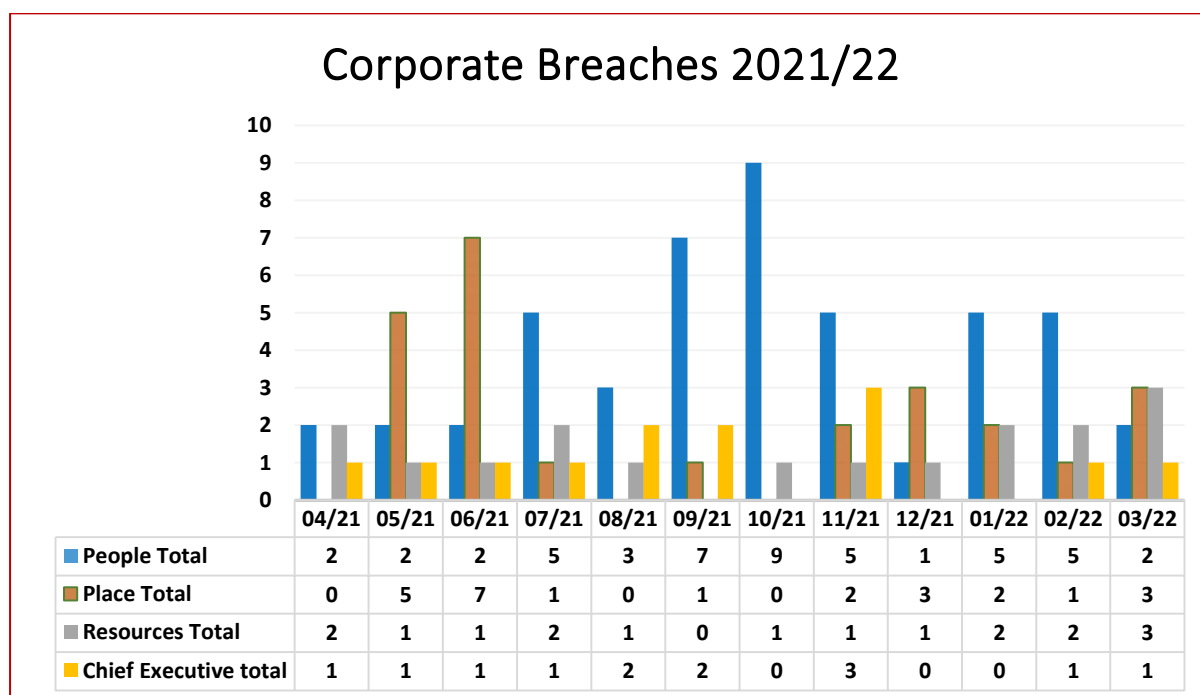
The obligation to notify the Commissioner arises when a breach is deemed to be a 'risk' to the rights and freedoms of affected individuals. Breaches which need to be reported must be reported without undue delay, but not later than 72 hours after becoming aware of it.

The obligation to notify the affected data subject only arises when the breach is deemed to be a 'high risk' to the rights and freedoms of affected individuals. The affected data subject(s) should be informed without undue delay.

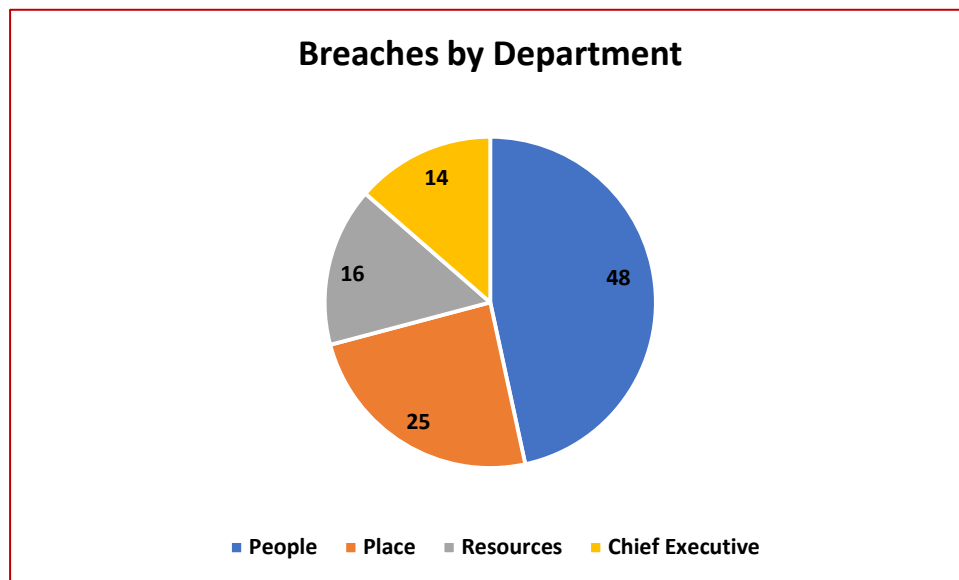
The DPO investigated a total of 103 corporate breaches between April 2021 and March 2022.

During this period, only two data breaches met the threshold for reporting to the ICO. No further action was instructed by the ICO as the Council took reasonable efforts in mitigating the risks to the rights and freedoms of the affected data subjects.

Below is a breakdown of all breaches by Department.



Below is the total number of breaches by Department:

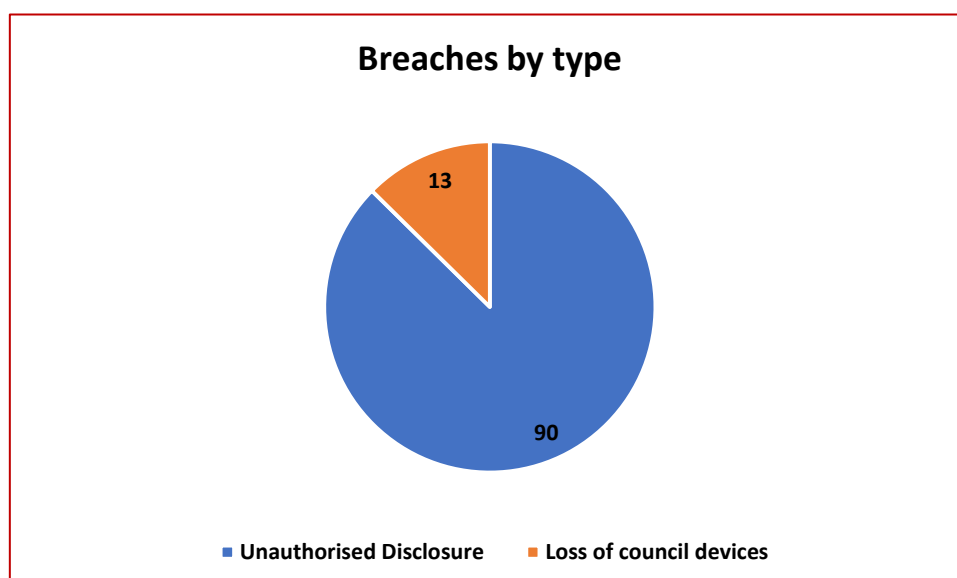


Approximately 45% of data breaches have occurred within the People Department. Whilst this figure is higher in comparison to the other Departments, the figure is proportionate as the Department processes personal data at a larger scale in comparison to the other Departments.

These breaches can be divided into two broad categories:

- the unauthorised disclosure of data. This includes the accidental release of personal data and;
- the loss of Council devices

The majority (87%) of the breaches have occurred due to the former. Below is a breakdown of these breaches:



## **Privacy Notices**

A privacy notice is a document which must be provided to individuals to explain how their personal data is processed.

It has two aims:

- to promote transparency
- and to give individuals more control over the way their data is collected and used.

Transparency is a key principle of the UK GDPR, as it prevents organisations from processing personal data without data subjects' knowledge or approval.

When personal data is being collected directly from data subjects, it is a legal obligation to provide a privacy notice at the time of collection from the data subject.

The current privacy notice available on the internet, whilst it is informative, cannot comprehensively cover all the areas where personal data is being collected, due to the diverse nature of data processing across the Council. It is therefore important that all areas of the Council have privacy notices available at the point when personal data is collected.

Work has commenced on the Council's privacy notice and service areas, where required, will be supported in having an appropriate privacy notice in place. It is anticipated that this work will be completed by March 2023.

Nine privacy notices were created for different projects where personal data was being collected.

## **Data Protection Policy**

The DPO has reviewed the existing data protection policy. A discrepancy was identified within the policy and the DPO has made an amendment to the definition of the personal data in relation to criminal offences.

The DPO will keep the policy under review for any future changes and will continue to promote compliance with the policy across the Council and its maintained schools.

## **Information Commissioner's Office (ICO)**

The DPO cooperates with the supervisory authority (ICO) with regards to complaints received about the Council's data protection practises. Between the April 2021 and March 2022 the DPO received 10 complaints from the ICO regarding its practises.

Seven complaints related to the Council's handling of data subject right requests, two complaints related to data breaches and one challenge was received on the lawfulness of processing personal information.

## **Key Themes Identified**

The DPO has identified two key themes which if improved, will lead to a optimum data protection compliance overall for the organisation.

These key themes are:

- Implementation of data protection by design and default
- Transparency

### **Implementation of Data Protection by Design and Default**

The UK GDPR requires that organisations adopt a data protection by design and default approach.

Data protection by design means that privacy and data protection issues are considered at the design phase of any system, service, product or process and then throughout the lifecycle.

Data protection by default requires organisations to ensure that only the data that is necessary to achieve the specific purpose is processed.

It is essential that the Council takes this approach with regards to its data processing. Adopting this theme will lead to an increase in compliance with the data protection framework.

The DPO's advice has been sought at the end of some project life cycles, this is not the most useful time to consult with the DPO as it does not allow for data protection by design and by default.

The DPO in collaboration with other key services will look to raise awareness across the organisation of this key theme, and training will also be provided on this matter.

### **Transparency**

One of the key data protection principles is to process personal data in a 'lawful, fair and transparent manner'. There are some key transparency obligations upon the Council, such as the right to be informed. As mentioned previously, the Council will improve its current privacy notice in order to fully meet the UK GDPR's transparency requirement.

Revising the privacy notices will ensure that the Council is best-in-class in meeting its transparency obligations.

## **Schools Data Protection Update**

The Council provides a Data Protection Officer service to all its maintained schools. The DPO for the Council, Rezaur Choudhury, is also the DPO for all of the maintained schools. This service is a de-delegated service to all maintained Enfield schools.

## Compliance

There has been good engagement from Enfield Schools with the DPO. The schools in general seek the advice of the DPO before commencing with any data processing. A number of training sessions have been delivered to Enfield schools on data protection. The response to these sessions has been positive with 75% of schools attending these sessions.

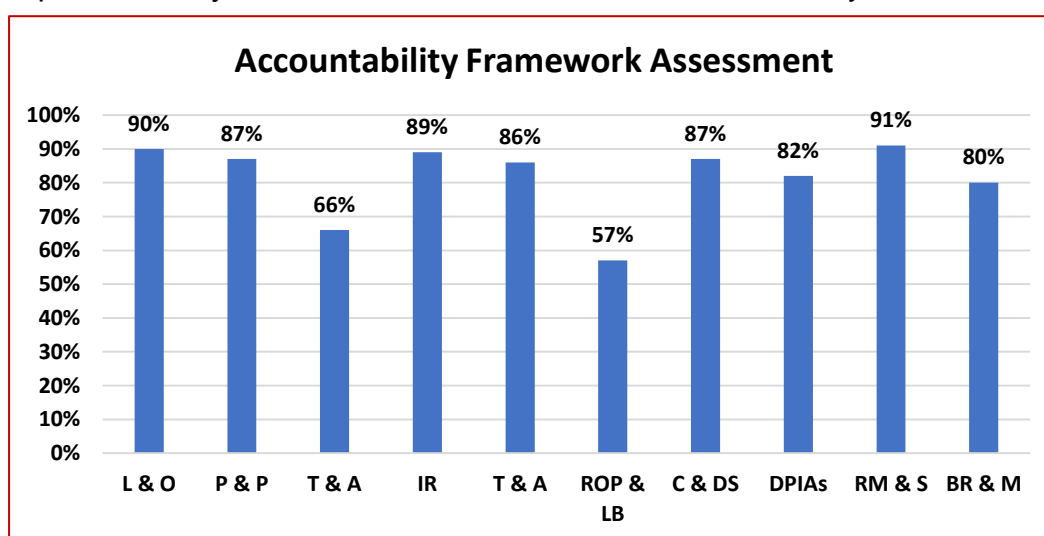
## Accountability Framework

The DPO has supported Enfield Schools with the completion of the ICO accountability framework self-assessment. This assessment helps schools assess the extent to which they are currently meeting the ICO's expectations in relation to accountability.

The ten key areas which are assessed are as follows:

- Leadership and oversight (L & O)
- Policies and procedures (P & P)
- Training and awareness (T & A)
- Individuals' rights (IR)
- Transparency (T)
- Records of processing and lawful basis (ROP & LB)
- Contracts and data sharing (C & DS)
- Risks and data protection impact assessments (DPIAs)
- Records management and security (RM & S)
- Breach response and monitoring (BR & M)

13 schools participated in this assessment and overall the schools are meeting the ICO's expectations by 81%. Below is a breakdown of the results by area:



The DPO has been pleased to note that schools are keen to improve in the areas of training and awareness, records of processing and lawful basis. The DPO will create

an action plan to promote excellence in these areas and will work with the schools in improving their level of compliance.

### **Data Protection Breaches**

There were a total of 29 school data breaches reported to the DPO. The DPO assessed three of these to meet the threshold for reporting to the ICO. The ICO did not take further action with these breaches as the schools had taken reasonable steps to mitigate the risks.

28 of these breaches were in relation to the unauthorised disclosure of personal data. One related to a lost device.

## Appendix 1- Data Protection Officer – How the role is discharged (as required by the UK GDPR)

	<b>Data Protection Officer/organisation responsibilities</b>	<b>How it is practically discharged</b>
	<b>Position of the DPO</b>	
1	The DPO must report directly to the highest level of management and is given the required independence to perform their tasks	Reports provided to assurance board periodically. The DPO also reports to the Head of Audit and Risk Management and is given the required independence to perform their tasks. Direct line to Chief Executive if required.
2	The DPO is involved, in a timely manner, in all issues relating to the protection of personal data	Member of Council's Information Governance Board.
3	The DPO is not penalised for performing their tasks	Contract of employment. Managed by Head of Internal Audit & Risk Management. Direct line to Chief Executive if required.
4	The DPO is not required to perform any other duties that result in a conflict of interest with their DPO duties	The DPO role is an independent role, no other duties are included.
	<b>Tasks of the DPO</b>	
1	The DPO will inform and advise the organisation and its employees about the obligations to comply with the GDPR and other data protection laws	Key input/consultee into corporate guidance, training, policy development (advisory).  Formal reports are provided to Assurance Board and General Purposes Committee.
2	The DPO is tasked with monitoring compliance with the GDPR and other data protection laws, the data protection policies, awareness-raising, training and undertaking and commissioning audits	The DPO identifies any areas for improvements in compliance and brings this to the attention of the Assurance and/or Information Governance Boards.
3	The organisation will take account of the DPOs advice and the information the DPO provides on data protection obligations	Appropriate minutes/record will be taken regarding the advice / reports of the DPO and what action is taken.
4	The DPO will provide risk based advice, focussing on the higher risk areas of data processing activities, i.e. where special categories of data are involved	DPO consulted on DPIAs (see below) and through liaison arrangements regarding high risk areas.
5	The advice and input of the DPO will be sought when a Data Protection Impact Assessment (DPIA) is undertaken	The DPIA process ensures the involvement of the DPO.
6	The DPO will also monitor the DPIA process	The DPO has access to all DPIAs and will undertake periodic checks to ensure consistency and appropriateness.
7	The DPO acts as a contact point for the ICO, and as such will co-operate with the ICO including during prior consultations under Article 36 (Prior Consultation) and	The relevant contact details for the DPO have been provided to the ICO.



	will consult on any other matter	
8	The DPO has due regard to the risk associated with processing operations, and takes into account the nature, scope, context and purpose of the processing	DPO considers and is consulted on the risks associated with processing activities to focus on higher risk areas
9	The DPO shall ensure that the organisation documents the reason why any advice given by the DPO is not followed	Appropriate minutes / records will be taken regarding the reasons why the advice of the DPO will not be followed.
	<b>Accessibility of the DPO</b>	
1	The DPO must be accessible as a point of contact for employees, individuals and the ICO	<p>Within the confines of reasonable working arrangements, the DPO will be available and accessible.</p> <p>A 'deputy' DPO will be available should the DPO not be so due to annual leave or exceptional circumstances.</p>
2	The contact details of the DPO are published and communicated to the ICO	The enfield.data.protection.officer@enfield.gov.uk email address is published in all appropriate places.
	<b>Support to the DPO</b>	
1	The DPO is provided adequate resources (sufficient time, financial, infrastructure and where appropriate staff) to enable them to meet their GDPR obligations and to maintain their expert level of knowledge	The DPO has an annual Performance Development Review to ensure sufficient focus is given to continuous training and development in data protection matters.
2	The DPO must be given appropriate access to personal data and processing activities	The DPO has unconstrained access to all personal data and processing activities in order to discharge his responsibilities and undertake independent and objective reviews.
3	The DPO be given appropriate access to other services within the organisations so that essential support, information, and input can be received	The DPO has unconstrained access to all senior managers and services in order to discharge his responsibilities to provide support, advice, information, challenge and undertake independent and objective reviews.

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# **General Purposes Committee Annual Report 2021/22**

### **Chair's Introduction**

I am very pleased to present this General Purposes Committee Annual Report for 2021/22 to both the Committee and to full Council.

The report shows that the General Purposes Committee has undertaken its role effectively covering a wide range of topics and ensuring that appropriate governance and control arrangements are in place to protect the interests of the Council and the community in general.

I would like to thank all the members who served on the Committee during 2021/22. My thanks also go to BDO (external auditors) and to Council officers who have supported the work of the Committee and more specifically me in my role as Chair.

Councillor Mahym Bedekova  
Chair

## **1. Introduction**

This report details the activity of the General Purposes Committee for the year 2021/22.

## **2. Proposal**

Council is asked to note the report.

## **3. Terms of reference and membership**

The purpose of the General Purposes Committee is to provide assurance to the Council on the adequacy of the risk management framework and the internal control environment. The committee receives the work plans and reports from the Head of internal audit, helping to ensure that efficient and effective assurance arrangements are in place, and on which the opinion on the level of governance, risk management and internal control can be derived. The General Purposes Committee also keep under review and make recommendations to the Council on the Constitution; Member development and member support issues and Electoral services updates, and polling district reviews.

The full terms of reference for the period that this report refers to are attached at appendix B.

During 2021/22, the membership of the Committee was as follows:

### **Councillors:**

Mahym Bedekova (Chair)  
Tim Leaver (Vice Chair)  
Claire Stewart  
Ergin Erbil  
Katherine Chibah  
Lee David-Sanders  
Joanne Laban  
Edward Smith  
Dino Lemonides

### **Independent Member:**

Peter Nwosu

## **4. General Purposes Committee**

Work undertaken during 2021/22 supported the following key areas, the specific items considered at each committee meeting are shown at appendix A:

- Adequacy of the internal control environment of the Council Internal Audit Plan and Audit Charter.
- Governance Processes - Annual Governance Statement.
- Financial management - Annual statement of accounts.
- Risk Management - Risk Registers.

- Election arrangements for polling districts and Polling stations following the approval of the new ward boundaries
- Cyber Security

## **5. Internal Audit Service**

### **Draft Work Plan and Audit Charter**

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 during the period 1 April 2021 to 31 January 2022 through periodic and annual reports.

The Internal Audit Plan for 2021/22 was submitted to and agreed by the General Purposes Committee on 4 March 2021.

The Head of Internal Audit and Risk Management, in collaboration with the internal Assurance Board, focuses limited audit resources at the highest priority Corporate and Schools' services

## **6. External Auditors**

The Council's external Auditors are currently BDO LLP. Representatives attend every meeting and contribute to governance processes within the Council and the development of committee members.

## **7. Statement of Accounts and Annual Governance Statement 2020/21**

A core General Purposes Committee role is to review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit. In 2021/22 the Committee held private meetings with BDO to gain assurances regarding this, with no officers present, this is in line with CIPFA good practice guide.

Over the last year, the Statement of Accounts has been a core discussion with robust challenge from the GPC members regarding the fact that the accounts have not been signed off for 2019-20 and 2020-21. The areas of challenge have included receiving progress updates from officer on challenges and the improvements made to the statement of accounts as well as reports on progress on the audit. In addition, the GPC have received reports from BDO regarding the audit progress and the sector challenges as a whole with resourcing levels. The Statement of Accounts for both years were submitted to the required deadline.

This remains a current issue as the GPC starts the 2022/23 programme of work and will continue to monitor progress.

## **8. Corporate Risk Registers**

The Committee received updates at every meeting on the Councils corporate risk register. The Committee also looked in detail at the Brexit Risk Register and the COVID 19 Risk Register.

The committee are able to bolster their understanding of the areas and suggest items for consideration for inclusion. This greater understanding provides reassurance that mitigation measures are in place to reduce risks.

## **10. Member Development**

Members received a report on the member induction programme to support newly elected, and re-elected members following the election in May 22. The comprehensive programme of support developed for members immediately following elections and ongoing programme of training throughout the year was well received and supported by the Committee.

As part of the Induction programme, following AGM and prior to any meetings of General Purposes, members of the committee will receive Audit & Risk training.

## **11. Electoral Services Update – Polling District and Polling Places review**

The statutory responsibility for reviewing UK Parliamentary polling districts and places rests with each relevant local authority in Great Britain for so much of any constituency as is situated in its area.

The responsibility to provide recommendations to Council on electoral arrangements in the borough relating to the designation of polling districts and polling places lies with the General Purposes Committee.

Following the approval of the Local Government Boundary Commission for England new ward boundaries and implementation for the May 22 election, a comprehensive review of polling districts and stations was required. Members were kept informed of progress throughout the year and fed views into the review at all stages before it went to Council for final approval.

## **13. Work programme 2022/23**

The General Purposes Committee work programme for 2022/23 will be confirmed at the first meeting.

## Appendix A

**Summary of General Purposes Committee Work Programme 2021/22**

Date of Meeting	Reports Considered
30 June 21	<ul style="list-style-type: none"> <li>• BDO update report 2019/20 &amp; 2020/21 statement of Accounts.</li> <li>• Internal Audit Annual Report 2020/21.</li> <li>• Schools Audit Annual report 2020/21.</li> <li>• 2020/21 Internal Audit Plan</li> <li>• Counter Fraud Service Annual Report 2020/21.</li> <li>• Counter Fraud Strategy &amp; 2021/22 Operational Plan</li> <li>• 2021/22 Risk Strategy &amp; Risk Operating Plan.</li> <li>• Risk Registers.</li> </ul>
4 August 21	<ul style="list-style-type: none"> <li>• Statement of Accounts</li> <li>• Annual Governance Statement</li> <li>• BDO Audit update report 2019/20 &amp; 2020/21</li> <li>• Revised guidance on external auditors work on value for money arrangements</li> <li>• Cyber security &amp; Technology update</li> <li>• Polling District &amp; Polling Place review</li> <li>• Risk Register Update</li> <li>• CIPFA Independent Review of General Purposes Committee</li> <li>• Audit &amp; Risk Management Service Progress Report</li> <li>• Meridian Water risk register</li> </ul>
14 October 21	<ul style="list-style-type: none"> <li>• Polling District &amp; Polling Place review</li> <li>• Local Government &amp; Social Care ombudsman annual review</li> <li>• Statement of Accounts</li> <li>• Risk Register Update (Corporate Risk Register, Brexit Risk Register, Covid 19 Risk Register)</li> <li>• Audit &amp; Risk Management Service Progress Report</li> <li>• Meridian Water risk register</li> </ul>
13 January 2022 (Informal meeting)	<ul style="list-style-type: none"> <li>• Update on Statement of Accounts</li> <li>• Draft Ten-year Treasury Strategy</li> <li>• Corporate Risk Register</li> <li>• Elections Review</li> <li>• Complaints &amp; Information Annual Report</li> <li>• CIPFA review of GPC report</li> <li>• Audit &amp; Risk Management Service Progress Report</li> <li>• Member Induction &amp; Development sessions</li> <li>• Meridian Water Risk Register update</li> </ul>
3 March 2021	<ul style="list-style-type: none"> <li>• 2022/23 Internal Audit Charter &amp; Draft 2022/23 Internal Audit Plan</li> <li>• Corporate Risk Register Update</li> <li>• 2022/23 Risk Management Strategy and Risk Operating Plan</li> <li>• Counter Fraud Strategy &amp; 2022/23 Operating Plan</li> </ul>



	<ul style="list-style-type: none"><li>• Audit Plan 2020/21 Accounts</li></ul>
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## Appendix B

<b>GENERAL PURPOSES COMMITTEE</b>
<b>Appointed by:</b> Chair and Vice Chair appointed by Council
<b>Proportionality:</b> Applies
<b>Membership:</b> 9 councillors
<b>Chair and Vice Chair appointed by:</b> Council
<b>Public/Private meetings:</b> Public
<b>Quorum:</b> 3
<b>Frequency:</b> minimum 6 times a year
<p><b>Terms of reference:</b></p> <p>To consider:</p> <p>Internal Audit</p> <ul style="list-style-type: none"> <li>(i) The annual Internal Audit Report, including the Head of Internal Audit and Risk Management's Annual Opinion over the Council's assurance framework and internal control environment.</li> <li>(ii) The annual risk-based plan of internal audit work, from which the annual</li> <li>(iii) opinion on the level of governance, risk management and internal control can be derived. The plan will include the budget requirement and resource plan in terms of audit days needed to deliver the programme of work.</li> <li>(iv) The internal audit charter, defining the service's purpose, authority and responsibilities. The charter will cover arrangements for appropriate resourcing define the role of internal audit in fraud-related work and set out arrangements for avoiding conflicts of interest.</li> <li>(v) Regular updates from the Head of Internal Audit and Risk Management on audit and investigation activities. These will include progress on delivering the annual programme of work, emerging themes, risks and issues and management's responsiveness in implementing recommendations and responding to Internal Audit. In line with requirements of the Public Sector Internal Audit Standards, performance of the Internal Audit Service and the results of quality assurance and improvement activities will also be reported.</li> <li>(vi) Specific internal audit reports agreed between the Chair and the Executive Director Resources or the Chief Executive.</li> <li>(vii) The Council's policies on 'Raising Concerns at Work' and the 'Anti fraud and corruption strategy'.</li> <li>(viii) The implementation of relevant legislation relating to fraud and corruption.</li> </ul> <p>External Audit</p> <ul style="list-style-type: none"> <li>(i) The External Auditor's Annual Letter and relevant reports.</li> <li>(ii) Specific reports as agreed with the External Auditor.</li> <li>(iii) To comment on the scope and depth of external audit work and to ensure it gives value for money.</li> <li>(iv) The External Auditor's Report to those charged with governance from the audit of the accounts.</li> </ul>

#### Risk Management

- (i) The strategy for effective development and operation of risk management and corporate governance in the Council to ensure compliance with best practice.
- (ii) Departmental and corporate risk registers.

#### Procurement and Contracts

- (i) An overview of the Council's Constitution in respect of contract procedure rules, financial regulations and relevant codes of conduct and protocols.
- (ii) Reports on waiving of contract procedure rules.

#### Other issues

- (i) The Council's annual Statement of Accounts.
- (ii) Any matters referred to it from the Monitoring Officer's meetings.
- (iii) Any issue referred to it by the Chief Executive or a Director, or any Council body for determination.
- (iv) An Annual Report, for submission to Council, summarising the work done by the Committee over the past year and outlining work to be done in the year to come.
- (v) The Council's Annual Governance Statement and to formally agree it.
- (vi) Quarterly updates on the use of Regulation of Investigatory Powers Act 2000 (RIPA).
- (vii) Commissioned work from internal and external audit, the Executive Director Resources or other Council officers

#### Constitution

- (i) To keep under review and make recommendation to the Council advised by the monitoring officer, on the Constitution to ensure that the aims and principles of the Constitution

#### Members Support

- (i) Making recommendations to the Council for the adoption or revision of a scheme of allowances, training and development for Members.
- (ii) To consider issues and develop proposals relating to all aspects of Members' support, including:
  - Administrative and ICT support;
  - Members' enquiries; and
  - Members' wellbeing and office accommodation support.

#### Elections

- (i) To review and agree the electoral arrangements in the borough relating to the designation of polling districts and polling places in accordance with any provisions of the Representation of the People Acts.
- (ii) To receive reports from the Returning Officer on the conduct of major elections in the Borough, and to make relevant recommendations to Council as necessary in respect of the areas which come within the

Council's jurisdiction.

- (iii) To receive reports from the Electoral Registration Officer on the administration of the Register of Electors and the absent voting process in the Borough, and to make relevant recommendations to Council as necessary in respect of the areas which come within the Council's jurisdiction.
- (iv) To consider consultation papers from government and other bodies (such as The Electoral Commission) on aspects of the electoral process, and to agree the Council's formal responses to such consultations.

**London Borough of Enfield  
General Purposes Committee**

**Meeting Date 29 June 2022**

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**Subject: Contract Procedure Rules, Waivers & Procurement Spend Update**

**Cabinet Member:**

**Executive Director Fay Hammond**

**Key Decision: N/A**

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**Purpose of Report**

1. To provide an update to the General Purposes Committee on the Contract Procedure Rules (CPRs), Waivers and Procurement Spend. This report covers the period April 2021 to March 2022. It also includes an update on Procurement Services and the implementation of the new procurement function.

**Proposal**

2. This report presents an update on the implementation and effectiveness of the Contract Procedure Rules (CPRs), Waivers issued under the Rules, and procurement spend information. It also includes an update on Procurement Services.

**Reason for Proposal**

3. This report sets out compliance to the Contract Procedure Rules, Waivers issued under the Rules and an overview of spend in relation to procurement activity. It sets out how procurement is implementing new ways of working to improve the procurement function.

**Relevance to the Council Plan**

4. Procurement Services is part of the Resources Department and reports to the Finance Director - Capital & Commercial.
5. Procurement Services brings together a range of specialist skills and resources to support all Enfield Council service areas throughout the commissioning, procurement and contract management process, taking a business partner approach.
6. Providing strategic procurement & contract management advice early in consideration of any new initiatives, and to support those managing existing

contracts, Procurement Services lead the tendering process for larger and more complex projects.

7. Procurement Services help the Council secure value for money and work hard to achieve the best Social Value and the Council's Business Plan's priorities and outcomes.
8. Providing a wide range of policy and analytical support as it relates to suppliers and external markets and to provide guidance through the legal and internal processes that govern how the public's money is spent.
9. Procurement Services **vision** is *"To become a centre of excellence, recognised as a trusted strategic partner in the successful delivery of the Council's Business Plan"*.
10. Procurement Services is an enabling service and supports Council services through procurement to support the delivery of homes in well-connected neighbourhoods, safe, healthy, and confident communities, and an economy that works for everyone. Through procurement activity it ensures that suppliers support the Fairer Enfield Policy and Climate Action.

## Background

11. All Councils are facing the same financial challenges, impact of Brexit, Covid-19 and the Ukraine conflict. Inflation is moving in an upward trajectory at levels not seen for approximately 30 years. This is manifesting itself in price increases.
12. The impact of Brexit and the Ukrainian conflict has had an impact on the supply chain with delays and shortages of some materials. Construction in particular has seen a big impact with price increases within the supply chain. Procurement Services is working with Services to strengthen business continuity plans to mitigate risks to the supply chain.
13. Nationally councils face procurement challenges: balancing Value for Money against procurement processes, working to increase local spend to support local economies and economic recovery, and to embed equalities and social value, through the procurement cycle.
14. The Council may only contract with external parties within the legal framework for local authority procurement i.e. in accordance with the UK Public Contracts Regulations 2015 (as amended), the Council's Contract Procedure Rules (s135 of the Local Government Act 1972), the general duty to obtain Best Value (Local Government Act 1999) and follow the principles of transparency, non-discrimination and equality of treatment.
15. Under section 135 of the Local Government Act 1972 a local authority is required to make standing orders for contracting of goods, works and services. There is also an obligation to include in those standing orders provisions for securing competition for contracts and regulating the way tenders are invited. The standing orders may provide that contract of a

certain value are exempt and may authorise the authority to exempt the provisions were justified by special circumstances. The Contract Procedure Rules (CPRs) are the Council's standing orders as required under the Act.

16. The Contract Procedure Rules must also comply with UK procurement regulations as set out in the Public Contracts Regulations 2015. The regulations make competition of certain contracts mandatory and there is no right to waive those requirements.
17. As a result of Brexit, Procurement Services have ensured that the Council is compliant with updated regulations. From the 1<sup>st</sup> January 2021 the UK no longer needs to advertise on the Open Journal of the European Union (OJEU), but on the UK e-procurement portal 'Find a Tender'. Enfield's procurement systems are compliant and interface with 'Find a Tender'.
18. Procurement Services are still monitoring the progress of the new Procurement regulations Bill mentioned in the Queen's speech and indications are that the Bill will receive Royal Assent during Summer 2023 and implemented thereafter.
19. The Government has stated that it wants to simplify the procurement process, increase transparency, and ensure that Social Value, Climate Action and Economic Development are more central within procurement activity.
20. The changes in UK procurement regulations will necessitate a review of the current CPRs, and it is likely that a major overhaul will be needed of the current CPRs to ensure they are in line with the new UK regulations. The Council will need to understand the implications of the new legislation and what impact this will have for the Council. There will be a six-month grace period from the bill being passed to when Council's must implement the new regulations.
21. A Public Procurement Notice 11/20 was published in December 2020 which allows below threshold procurement to reserve to SME's/VCS organisations, and location to county or country.
22. Several Public Procurement Notices were issued by the government between April 2021 and March 2022. Those relevant to the CPR's:

PPN 01/22 Contracts with suppliers from Russia and Belarus	Contracting Authorities should consider terminating any contracts where the prime supplier is a Russian or Belarusian supplier, but only if an alternative supplier can be sourced in line with Value for Money.
PPN 10/21 Thresholds inclusive of VAT	For the purposes of advertising the contract values, they must be inclusive of VAT.
PPN 09/21 Requirement to publish on contracts finder	Reminder to contracting authorities to advertise opportunities on Contract Finder.

## **Main Considerations for the Council**

### **23. Compliance and Contract Procedure Rules**

The current CPRs were updated in line with the update of the Council's Constitution and were published in July 2020. They are used in conjunction with the Procurement Manual. The CPRs are reviewed regularly, and compliance is reported at the Departmental Procurement Boards.

24. Any changes in UK procurement regulations will necessitate a review of the current CPRs to ensure they are in line with any new UK regulations.
25. Compliance to the CPRs for the period of April 2021 to March 2022 is set out in Appendix B. Overall compliance to the CPRs is good. To support compliance no new supplier can be created without evidence of compliance to the CPRs.
26. Regular training on following the CPRs for Council Officers is provided via iLearn. Procurement Services also offer training to schools on the CPR's.
27. There are occasions where it is not practical or possible to follow a full competitive process in accordance with the CPRs. In such instances Service Departments may request a Waiver or Exception to the CPRs, the procedure for which is included in Appendix A. The approval of such Waivers and Exceptions are compliant with the CPRs. It should be noted that waivers cannot contravene UK legislation.
28. The July 2020 CPRs were tightened up and now state that all Waivers must be approved by the Executive Director of Resources following review by Procurement Services.

### **29. Waivers**

Over the past six years the number of waivers as decreased dramatically from 40 in 2014/15, 10 in 2015/16 and 4 in 2016/17 and 1 in 2017/18. There were 0 for 2018/19 and 2019/20, and 1 in 2020/2021. This can be attributed to Procurement Services working closely with services to look for alternative options and promote a competitive process wherever possible. Waivers issued for April 2021 – March 2022 are set out in Appendix C.

30. Only one waiver was issued for the period April 2021 to March 2022. This equates to a total contract value of £298,843. This is a reduction on last year's value of £2.89m.
31. The one waiver issued in the period April 2021 to March 2022 was for BeeZee Bodies and was approved by the Executive Director for Resources in line with the Rules. The contract was to deliver a child weight management service in four boroughs with external funding from Public Health England. The project provided school nursing from a specialist nurse and targeted engagement in low uptake groups. The project was fully externally funded, and the Council would generate revenue by renting space to the provider. A portion of the funding was also allocated to the school



nursing service to enhance existing statutory responsibility. The contract was for a short-term and was not relet after the initial term.

**32. Exceptions**

Under the CPRs there is provision to consider areas that are exceptions. These are permissible within the UK Public Contract Regulations 2015, and the Council's CPRs. Exceptions issued for April 2021 – March 2022 are set out in Appendix C.

33. The number of exceptions sought for the period April 2021 to March 2022 is 13. This equates to a total contract value of £983k.

34. This is a largely similar number of exceptions as were sought from the 2020/21 financial year, however the contract value subject to exceptions has decreased. For the period April 2020 – March 2021, 14 exceptions were issued with a total contract value of £2m.

35. In all cases these exceptions had been discussed with Procurement Services, and had been agreed, as being within the best interests of the Council at that time. In most cases these are for specialised areas of spend.

**36. Procurement Spend Information**

The spend profile of Enfield Council is typical for a tier 1 Local Authority with the main spend categories being People and Place. Total 3<sup>rd</sup> party spend for April 2021 – March 2022 was £925.4M. This is an increase from previous period April 2020 – March 2021 of £845.5M, representing a change of 9.4%. Spend profile is set out in Appendix D for period April 2021 to March 2022.

37. Spend with Small to Medium Enterprises was £60M equating to 19% of total spend. This is an increase from last year of 46% on previous period where spend was £41M. See Appendix D

38. Spend with local suppliers was £37M, equating to 12% of total spend. This is an increase of £3.5m which equates to 10.6% on previous period where spend with local suppliers was £33.4M. See Appendix D

39. The CPRs require officers to obtain quotes from local suppliers where possible, subject to best value considerations.

40. Work is being undertaken to increase the number of local suppliers and opportunities offered to local suppliers. The use of TOMs (themes Outcomes and Measures) through the Social Value Portal to increase local suppliers or local suppliers in the supply chain. A 'Keeping It Local' toolkit is being developed to support officers in how they can increase opportunities to local businesses.

41. It should be noted that local spend is calculated on the 'payee' being located within one of the borough's post codes. A large proportion of local spend is not included as the payee is not located in the borough. One of the main areas for this is Temporary Accommodation (TA). This is because the TA system – Adam consolidates all spend with TA suppliers to one invoice. The Adam supplier is based in Ipswich, which takes the £42m approx. spend off the measurement of suppliers within

an Enfield postcode. However, most of the TA providers are based in the Enfield area, and the spend is still indirectly with local suppliers for this category of spend. Reports are being developed by Adam to give further details on this, so that we can more accurately track local spend.

#### 42. **Next Steps**

43. Procurement Services has recently been restructured to recognise the need to take a more strategic approach and lead to procuring goods, services and works. A 'Category Management' model, which provides 4 category managers to work closely with Service through a Business Partner model.
44. The restructure also recognised that Contract Management needs to be strengthened across the Council with two positions created to deliver this aspiration, supporting services to ensure the delivery of Value for Money, contract outcomes and supplier resilience during the lifetime of the contract. A contract management framework which consolidates best practice is being developed, along with guides and training courses to support officers across the Council.
45. A new Head of Procurement Services came into post during February 2022. This commenced a review of all Procurement activity. Meetings with all major stakeholders have taken place to promote the new service, identify needs and gap analysis, feedback on what is working well and where there are improvements to ensure Procurement Services meets the needs of the Council and promote early procurement involvement in all projects and programmes.
46. A review of procurement governance is underway to give decision makers the assurance and confidence of high-quality procurement standards and value for money at all stages of the procurement cycle from sourcing strategy through to any requests for contract extensions, variations and modifications
47. Currently there are three procurement boards, one for each area (People, Place and Resources & CEX). Working with the departmental Chairs these are being reviewed to support more proactive procurement forward planning and involvement and support each area with its procurement and contracting activity.
48. The boards meet monthly, and each board has a slightly different approach that reflects their business needs. Procurement Services are working to harmonise these approaches, implement regular discussion of strategic business cases for commissioning and procurement, review their contract register, forward plan and track their procurement pipeline. New procurement policy and strategy is also discussed at these boards.
49. To support Services and officers the Procurement intranet pages have been extensively updated. More contract and spend information is available to support visibility. Additionally, support guides and

checklists have been updated. A training strategy has been developed to support officers across the Council to carry out procurement more effectively and support the Council Plan.

50. To support the move to more strategic procurement, it has been recognised that investment is needed in systems for monitoring and reporting of activity. Currently Procurement Services are reviewing the market for a contract management system, spend analytics tool, and procurement project management tool. These systems will support all elements of the sourcing cycle. It is also reviewing functionality for supply chain resilience; to address risk in the supply chain, given the current market forces.
51. In February 2022 cabinet approved Procurement Services new Sustainable and Ethical procurement policy. This sets out how the Councils plan will be delivered through procurement activity.
52. The policy focuses on four priority areas:
  - **Social Value** - In line with the Council's Contract Procedure Rules, officers must consider the inclusion of a minimum 10% evaluation weighting for social value in all procurements over the public procurement threshold and are strongly encouraged to include this in procurement under the threshold.
  - **Ethical Procurement:** The policy supports the Council's Fairer Enfield policy and sets out how suppliers can support the Council in delivering Equality and Diversity.
  - **Supporting the Local Economy and Local Employment:** Through its procurement activities, the Council will create high quality employment and training opportunities for residents and support local businesses. It includes new Enfield Skills Academy and explains guidance for staff will be developed on how to give a higher weighting, and where appropriate and proportional, up to 50% of the weighting, to local economy, employment and skills.
  - **Climate Action:** In line with Enfield's Climate Action Plan, this policy sets out how the Council will minimise carbon emissions and negative environmental impacts
53. The Policy will be implemented through procurement activity.
54. Procurement Services are implementing a Social Value Portal, that will support the monitoring and reporting of social value leveraged through procurement contracts. This has been piloted in Meridian Water and will now be rolled out to the wider Council. The Council is using Social Value to increase the number of local suppliers used, offer more employment and training opportunities for local residents, and the delivery of environmental and sustainable construction through contracts. See Appendix E (information is limited as it is still in pilot mode)

## Safeguarding Implications

55. This is an update report and there are no safeguarding implications directly linked to this report.

### **Public Health Implications**

56. The CPRs and Procurement Manual state that procuring officers must consider Health in Everything we do to ensure that suppliers and services are in line with Public Health objectives. This is an update report and there are no Public Health implications directly linked to this report.

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

57. Enfield's contract standard Terms and Conditions now include clauses to ensure that suppliers are compliant to the Equality Act. The Fairer Enfield Policy will be delivered through the new Sustainable and Ethical Procurement Policy which was approved at cabinet February 2022. The CPR's and Procurement Manual state that procuring officers must include equality evaluation criteria for contracts over the EU threshold. This will ensure that suppliers working with the Council support Enfield's Fairer Enfield Policy. The implementation of updated systems will also support the monitoring of Equality KPI's within third party contracts.
58. This is an update report and there are no Equality implications directly linked to this report.

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

59. The CPRs and Procurement Manual state that procuring officers must consider Enfield's Climate Action Plan to ensure that suppliers and services are in line with Enfield's Climate Action objectives. The Climate Action Plan will be delivered through the new Sustainable and Ethical Procurement Policy was approved at cabinet February 2022. The CPR's and Procurement Manual state that procuring officers must include Climate Action evaluation criteria for contracts over the PCR threshold. The implementation of updated systems will also support the monitoring of Climate Action KPI's within third party contracts.
60. This is an update report and there are no Climate Change Considerations directly linked to this report.

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

61. This is an update report and there is no direct risk in relation to this report. There are potential risks to the Council of challenge where procurement is not following the CPR's. Poor procurement practice could result in reputational damage, or not demonstrate value for money.

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

62. This is an update report and there are no direct risks in relation to this report. Procurement Services will continue to monitor compliance to the CPR's to

minimise risk of challenge, re-enforce the need for demonstrating value for money through competitive procurement. Supporting procuring officers to offer opportunities wherever possible to the local market to support 'an economy fit for Everyone'.

### **Financial Implications**

63. None.

### **Legal Implications**

64. None.

### **Workforce Implications**

65. At the time of writing this report, recruitment is still ongoing to complete the restructure of Procurement Services.

### **Property Implications**

66. None.

### **Other Implications**

67. None.

### **Options Considered**

68. Not applicable.

### **Conclusions**

69. This report provides an update on the Council's Standing Orders (CPRs), Waivers and procurement spend. The figures show that compliance is high, and that the number of waivers is under control. It details how Procurement Services are restructuring to improve procurement across the Council.

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Date of report: 25<sup>th</sup> May 2022

### **Appendices**

Appendix A – Excerpt from CPR rules for Exceptions and Waivers (Rules 15 and 17)

Appendix B – CPR compliance April 2021 – March 2022

Appendix C – Exceptions and Waivers issued April 2021 – March 2022

Appendix D – Spend Overview April 2021 – March 2022

Appendix E – Social Value April 2021 – March 2022

**Background Papers**  
**None**

## **Appendix A – excerpt from CPRs (Rules 15 & 17)**

### **15. EXCEPTIONS TO COMPETITIVE TENDERING**

15.1 Where competitive tendering is impossible then an exception can be used, but the Service Department, must demonstrate why they were unable to demonstrate VFM through a competitive process and that the use of this rule meets Council needs.

15.2 This Rule can be applied only where:

- (i) The procuring officer uses a legally compliant Framework which the Council has procured or has the right to access (subject to complying with the rules applicable to that Framework, including mini competition);
- (ii) A suitable corporate contract is in place for the Services/Supplies/Works being procured;
- (iii) Competition is prevented by Government or statutory control;
- (iv) Repairs, services, works, parts, goods or materials are required relating to existing machinery, vehicles, plant or equipment of a proprietary nature, where no suitable alternative Supplier exists;
- (v) Ongoing maintenance, updating, licencing and support is required relating to existing ICT hardware and/or software that is proprietary in nature and no suitable alternative Supplier exists;
- (vi) The contract provides in writing for an extension to the length of the contract's term and the following conditions are met:
  - The extension is for substantially the same works, supplies and/or services provided in the original contract;
  - The financial terms for the extension are as agreed in the original contract;
  - The length of the extension is no longer than that permitted by the original contract;
  - Such extension would not breach the Public Contract Regulations 2015; and
  - The appropriate authority/approval is in place in accordance with the Scheme of Delegation.
- (vii) The contracts being procured are for special education needs or social care services below relevant EU Threshold and, in the opinion of the responsible officer it is considered in the Council's interest or is required to meet obligations under relevant legislation. If above EU

Threshold, officers are reminded that the Public Contract Regulations 2015 may apply.

- (viii) Upon evidence of extensive market testing and consultation with P&C Hub/Legal Services, the Goods, Services or Works are only available from a single Supplier and no suitable alternative is available.
  - (ix) Contracts below EU Threshold being procured are for specialist professional services necessary to support children's or adult services where service users/clients select the Supplier, but the grant funding is via the Council.
  - (x) Contracts are awarded between the Council and a 'Teckal Company'. Advice should be sought from Legal Services as to the application of the Teckal exception, and appropriate Council governance process should be followed.
  - (xi) In relation to the exceptions, advice should be sought from the P&C Hub and (where applicable) Legal Services as to whether there is any risk of the Council breaching Public Contract Regulations 2015.
  - (xii) Where a contract is entered into via any of the rules above then the contract must be recorded on the E-Tendering Portal.
  - (xiii) Over £100,000 where no tenders, no suitable tenders, no requests to participate or no suitable request to participate have been received in response to a tender process, provided that the initial conditions of the contract are not substantially altered, then the Service Department can negotiate with a single Supplier. Refer to the Procurement Manual for the process to follow.
  - (xiv) The aim of the procurement is the creation or acquisition of a unique work of art or artistic performance. Refer to the Procurement Manual for the process to use this Rule.
- 15.2 In relation to the exceptions, the requirement to comply with the Public Contract Regulations 2015 remains. Officers should consider publishing a Voluntary Ex-Ante Transparency (VEAT) Notice for any exception granted that is higher than the EU Threshold and the procedures leading to the award under the Regulations must be followed. A VEAT Notice can only be issued with approval from the P&C Hub.
- 15.3 Any decision not to seek competitive tenders must fully comply with this Rule 15, be reasonable in all the circumstances and be in the best interests of the Council. The decision must be recorded in writing and all documentation supporting the decision must be retained on the E-Tendering Portal.



- 15.4 Exceptions will be reported to the Executive Director of Resources on a quarterly basis. Application for an Exception must be made via the Exceptions and Waiver form for recording and ensuring that the Contract is entered onto the Corporate Contract Register.

## **17. APPLICATION AND WAIVER OF THE RULES**

- 17.1 These Rules apply to all contracts for Supplies, Works or Services entered into by the Council, except where a Waiver of all or part of the Rules is approved. Waivers should only be sought in **exceptional circumstances** given the general presumption that competition is the best way to demonstrate VFM.
- 17.2 It must be noted that where the value of the contract is over the EU threshold the Council must comply with the requirements of Public Contract Regulations 2015 therefore it is not possible to waive these requirements, and contracts let in this way will be in breach of the Regulations.
- 17.3 All Waivers are reported Council's General Purposes Committee on an annual basis by the P&C Hub.
- 17.4 The officer requesting the Waiver **must** keep a written record of any waiver of the Rules. Application of a waiver can be made via the [Exceptions and Waiver form](#) and will be reviewed and approved by the Executive Director of Resources.
- 17.5 Contracts let via a Waiver must have documentation held on the E-Tendering Portal to create a record on the Corporate Contract Register.
- 17.6 Waivers will only be issued for a period of 12 months, unless agreed otherwise by the Executive Director of Resources.

## Appendix B

### 2021 - 2022 Compliance Reports.

Number of Quick Quotes over £25k in progress where too few Suppliers were invited to Quote.



**List of projects that invited too few suppliers.**

<b>LTP Reference</b>	<b>Value</b>	<b>Contract Title</b>	<b>Suppliers Invited</b>	<b>Department</b>	<b>Reason</b>
DN558121	£50,000	Civil Engineering and Town Planning advisory support services for Meridian Water Regeneration Programme	2	Place	Unaware that needed 3 quotes (as previously 2). Are now aware.
DN558950	£50,000	Incremental housing design study at Meridian Water East Bank	2	Place	Unaware that needed 3 quotes (as previously 2). Are now aware.
DN598251	£80,000	Installation of Civic Centre Car Park ANPR System	2	Place	Service accepts that they did not follow rules in this instance. Are now aware of rules.
DN568282	£97,000	941 - Procurement of Consultant Services for the Building Safety Team - Walbrook House	1	Place	TBC
DN596590	£100,000	Meridian Three Commercial Advisory	2	Place	Call from a Framework - compliant
DN536670	£112,500	Cyber Security Remediation Programme	1	Resources	G-Cloud call off - compliant
DN559744	£127,235	Housing Property Asset Management System - APEX	1	Resources	G-Cloud Call off - compliant
DN500415	£135,000	Health & Safety consultancy services	4	Place	TBC
DN528472	£149,000	Power BI Architecture	1	Resources	Abandoned – not awarded
DN555534	£150,000	Energetik - Naylor Grove Retrofit	3	Place	Energetik have different CPRs', and this is compliant
DN500401	£165,000	Resident Liaison and Public Relations consultancy services	1	Place	TBC
DN607963	£179,000	Applicant Tracking System (ATS) - Online recruitment platform	2	Resources	In progress – limited market
DN598992	£200,000	Vehicle Parts Supply	3	Place	After market research there were only 3 suppliers able to supply.

## Appendix C

**Table of all exceptions April 2021 – March 2022**

<b><u>Department Name</u></b>	<b><u>LTP Reference</u></b>	<b><u>Procurement Title</u></b>	<b><u>Supplier</u></b>	<b><u>Value</u></b>	<b><u>Date</u></b>
Chief Executive	DN536261	Covid Life After Loss Bereavement Project	Enfield CAB	£70,203	01-Apr-21
Resources	DN542816	Social Value in Procurement	Social Value Portal LTD (only one supplier)	£45,000	03-May-21
Resources	DN542742	Common Area Phones (CAPs) and Dummy Numbers Contract	Virgin Media Business	£67,102	17-May-21
Resources	DN555958	School Uniform Grants - Covid	Uniform 4 Kids (local supplier for local uniforms)	£99,000	18-Jun-21
People	DN557873	HAF Summer Project Get with The Kids Vibe	Get With the Kids Vibe	£86,000	01-Jul-21
People	DN557863	HAF Summer Programme Time for a Change AM	Time for Change AM Ltd	£118,000	01-Jul-21
Resources	DN555401	Support of local businesses	National Federation of Self Employed and Small Businesses Ltd (only one supplier)	£145,000	05-Jul-21
Resources	DN560662	CFO Insight Subscription	Grant Thornton UK LLP	£27,000	16-Aug-21
People	DN561385	Enfield African and Caribbean Health Network (Pass through monies from CCG)	African and Caribbean Health Network	£70,000	01-Sep-21
People	DN562494	Inclusion Health Outreach	Doctors of the World	£75,000	01-Sep-21
People	DN576797	Service to provide Independent Review Officers and Child Protection Chairs	Aidhour Ltd	£100,000	18-Oct-21

People	DN581974	Specialist consultancy on developing Family Hubs	Mutual Ventures Limited	£46,000	15-Nov-21
Place	DN583374	Fire Risk Assessments (Medium rise)	Savills (UK) Ltd (H&S concerns)	£35,000	10-Dec-21

**Table of all Waivers April 2021 – March 2022**

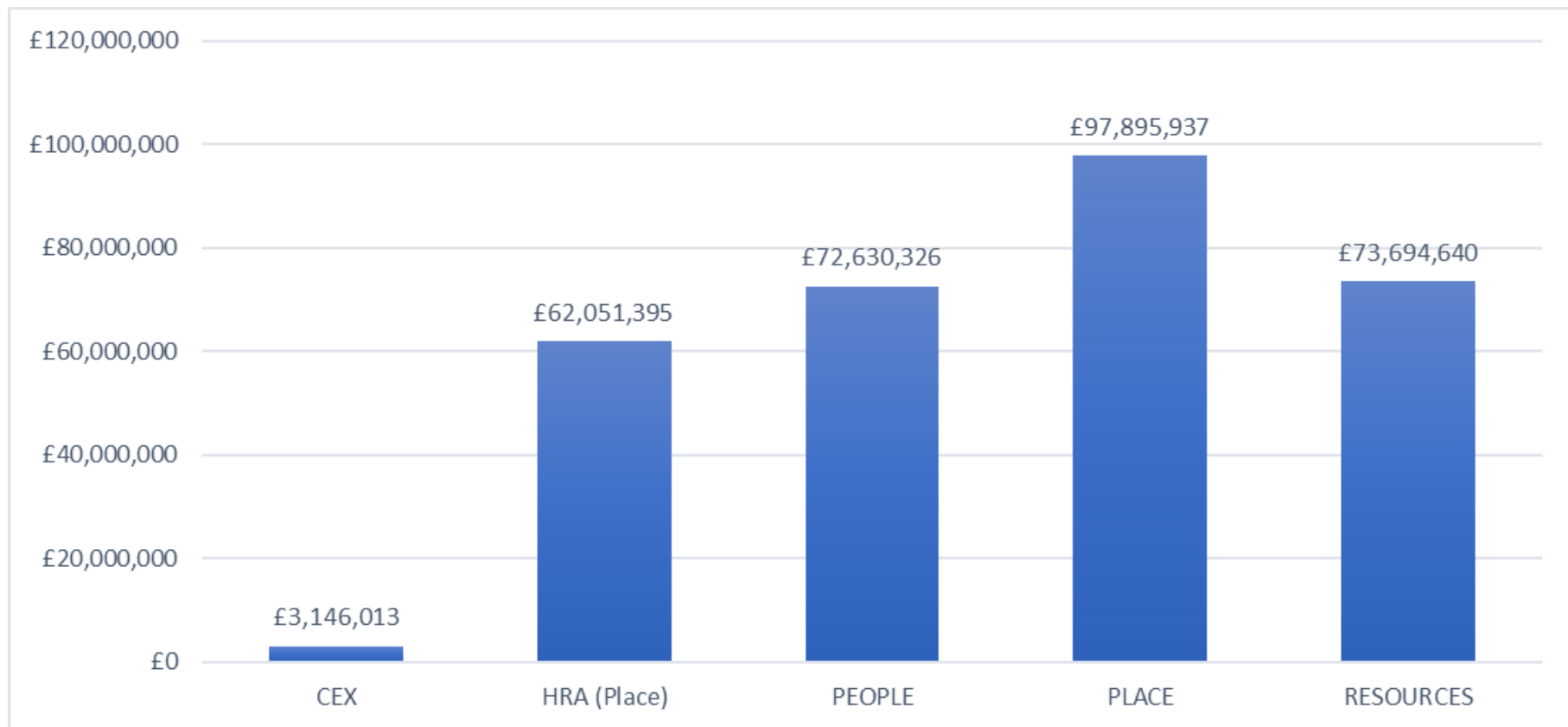
<u>Department Name</u>	<u>LTP Reference</u>	<u>Procurement Title</u>	<u>Supplier</u>	<u>Value</u>	<u>Date</u>
People	DN575064	BeeZee Bodies Child Weight Management Service	BeeZee Bodies	£298,843	18-OCT-21

## Appendix D

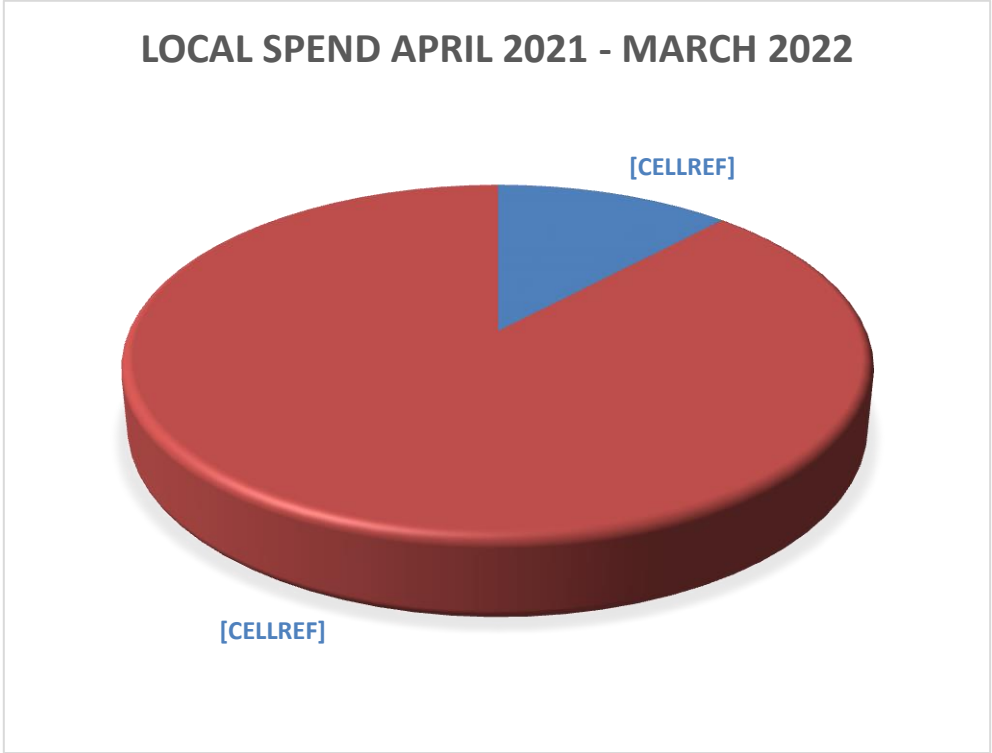
### 2021 – 2022 spend information

The procurement function handles a total of over £309.4M of spend p.a. whilst the Council spends a further £616M with third parties that is classed as non-procurement, making a total of £925.4M

The procurement spend of £309m is divided between five Departments as shown below:

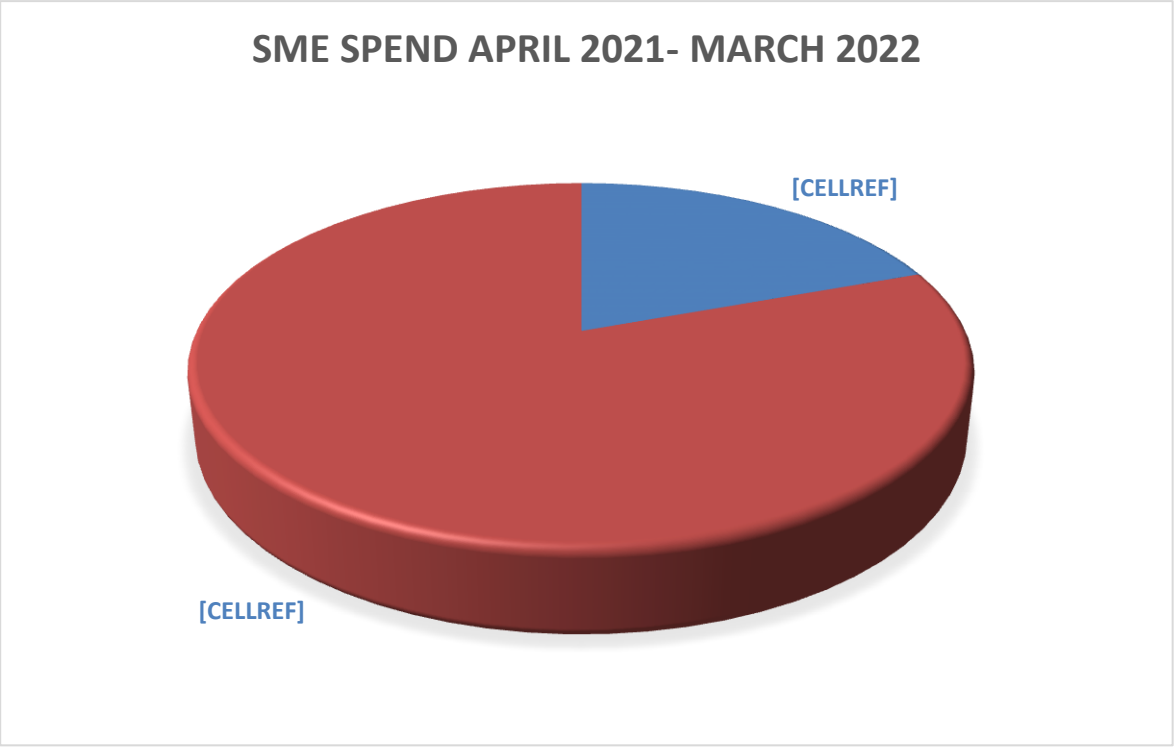


Appendix D  
Local Spend 2021/2022



Local spend	£37,030,875	12%
Non-local spend	£272,387,435	88%
Total spend	£309,418,310	

Appendix D  
Small Medium Enterprise Spend 2021/2022



SME spend	£60,054,379	19%
Non-SME spend	£249,363,931	81%
Total spend	£309,418,310	



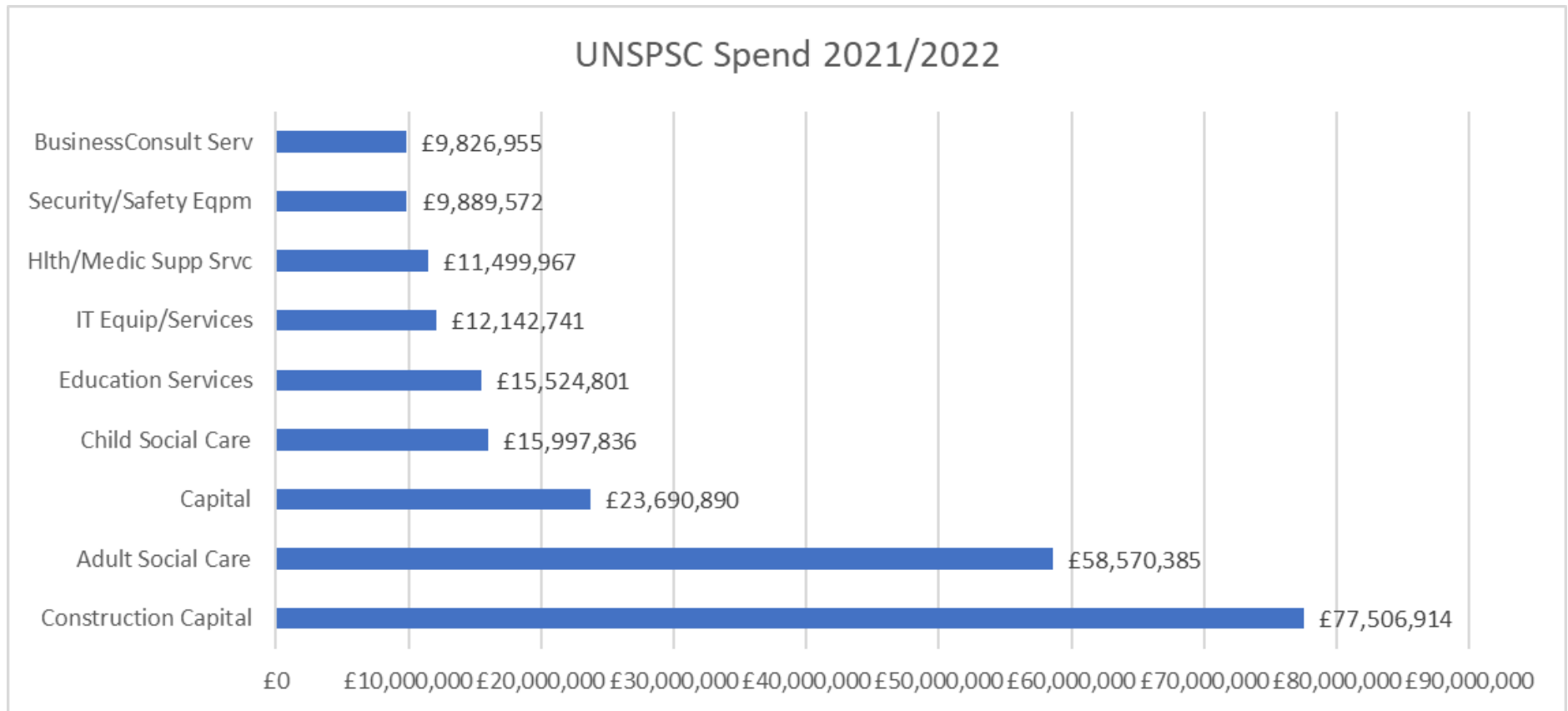
## Appendix D

The Top 10 Commodities categorised by General Ledger Codes (finance categories). Spend in 2021/2022:



## Appendix D

The Top 10 Commodities categorised by UNSPSC Codes (procurement categories). Spend in 2021/2022



## Appendix D

### Top 20 Suppliers by Spend 2021/2022

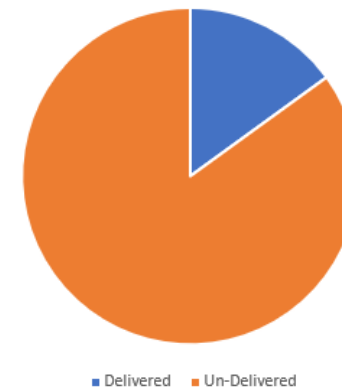
Vendor Name	Value £	Type of Supply
ADAM HTT LIMITED T/A ADAM	42,590,150	Temporary Accommodation (Consolidation system for invoicing)
Matrix SCM Ltd	26,982,773	Temporary Agency Worker Contract
HILL PARTNERSHIP LIMITED	8,619,967	Construction Supplier
LURA CONSTRUCTIONS LTD-CIS	7,157,519	Construction Supplier
MULALLEY & CO LIMITED	6,575,137	Construction Supplier
NORTH MIDDLESEX UNIVERSITY HOSPITAL	6,525,962	Sexual Health & 0 – 19 Supplier (Public Health)
CIVICA UK LTD	5,720,441	Digital Services systems & Benefits on Demand contracts (6)
EDUCATION SUPPORT (ENFIELD2) LTD	5,053,059	Schools PFI (Lea Valley, Starks Field)
KENSON HIGHWAYS LTD	4,741,851	Highways
ENFIELD LIGHTING SERVICES LTD	4,578,184	Street Lighting PFI Contract
NSL LIMITED	4,312,057	Parking Enforcement Contract
Barnet, Enf. & Haringey Mental Health	4,166,792	Various Community Health Services (OT, Speech & Language, Physio, Podiatry)
PILON LIMITED	4,046,917	Construction Supplier
HOUSING GATEWAY LTD	3,802,096	Internal trading Company
PURDY CONTRACTS LTD	3,767,406	Construction supplier
VINCI CONSTRUCTION UK LTD - CED	3,595,725	Construction Supplier
WILLMOTT DIXON INTERIORS LIMITED	3,480,987	Construction Supplier
LYNCADE LIMITED T/A CAVENDISH RADIO	3,345,343	SENd Transport Provision
VISTRY P'SHIPS LTD - MERIDIAN 1	3,299,159	Construction Supplier
EDUCATION SUPPORT (ENFIELD) LTD	3,112,089	School PFI Supplier (Highlands)

## Appendix E

Social Value April 2021 – March 2022

Social Value		Apr-22
Committed Value	Economic	£6,271,339
	Social	£1,553,446
	Total	£7,824,785
Delivered Value	Economic	£1,020,306
	Social	£154,549
	Total	£1,174,855
Live Projects		13
Closed/Demo Projects		40

Delivered Social Value



DELIVERED SOCIAL&LOCAL ECONOMIC VALUE +

£1,174,855

COMMITTED SOCIAL&LOCAL ECONOMIC VALUE

£7,824,785

% COMMITMENTS DELIVERED

15.01%

LIVE PROJECTS +

13

CLOSED/DEMO PROJECTS

40

CONTRACT VALUE INCLUDED

£185,243,750

% SOCIAL & LOCAL ECONOMIC VALUE ADD +

0.63%

**London Borough of Enfield****General Purposes Committee****29 June 2022**

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**Subject: Update on Audit of the 2019/20 Statement of Accounts****Cabinet Member: Cllr. Leaver, Cabinet Member for Finance & Property****Executive Director: Fay Hammond, Executive Director Resources****Key Decision: N/A**

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**Purpose of Report**

1. This Report provides an update on the audit of the 2019/20 Statement of Accounts.

**Proposals**

2. General Purposes Committee is recommended to:
3. Note the update provided in the report.

**Reason for Proposals**

4. A core General Purposes Committee role is to review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

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

5. The Council's Plan is delivered through resilient finances, the external Audit is a process of testing and challenging to ensure the Accounts present a true and fair view of the Council's financial position.

**Background & Progress to Date**

6. This report updated the GPC on the 2019/20 Statement of Accounts audit.
7. At the meeting of the GPC on 14 October 2021 BDO's Audit Partner presented his Audit Closure Report, the ISA260. The audit work was largely complete (including Pension Fund) and an unqualified opinion was anticipated. The report did include a number of unadjusted errors which if posted, would decrease the deficit on the provision of services for the year of £127.119m by £1.028m and reduce cumulative net assets and the General Fund balance of £717.102m by £472k which it was agreed would remain unadjusted.
8. In finishing their work, the BDO team identified two areas of the Council's accounts which required further work and the outcome of this was reported to the informal meeting of GPC on 13 January. The update is repeated in the paragraph below.

9. In addition to those already reported in the ISA260 report, there will be the following unadjusted errors in the 2019/20 accounts in respect of:
  - treatment of the IWE Pension Liability. Enfield has included this in the Council's single entity accounts and Group on consolidation and has received external technical advice that this treatment is appropriate. BDO maintain that the liability should be in the Company's accounts and not the single entity. There is a difference of opinion and at this late stage of the audit the final BDO Closure of Audit Report will present this as an unadjusted error of £9.4m.
  - Council Dwellings valuation. In the final senior audit review of Council Dwellings in December, BDO have challenged evidence provided by Strutt and Parker to support the valuation of 9 beacons from a sample of 134. Again, given the lateness of this work and the impact that this would have on the 2019/20 accounts and Fixed Asset Register, as well as the opening balances for 2020/21, this will be reported as an unadjusted error.
10. The January 2022 report also updated as follows on the remaining work. *The Audit Manager has practically completed her review of the accounts. The Audit Partner review is in progress. The BDO peer review or Engagement Quality Control Review (EQCR) will take place once the partner review is complete and all review points are cleared. BDO are to confirm when this will be complete, however, it is anticipated this will be for March GPC. There are no outstanding actions for the Council at this time.*
11. At the GPC on 3 March 2022, it was reported that the Audit Manager had now completed her review of the accounts and the Audit Partner had been undertaking his review. As part of his review the partner identified three areas which gave rise to further work for the Enfield Finance Team; these were in respect of valuations of Other Land and Buildings, Investment Properties and Infrastructure.
12. Other Land and Buildings – It was reported that Enfield, as is normal practice, does not value all of its assets every year, they are all valued as part a rolling five year programme. BDO had revisited their valuations work in this area. The indexation of the non-valued assets had been challenged, the indices used by Gerald Eve giving a different outcome to that applied by the Council's valuers. There was a difference of £1.143m and whilst this is a difference in professional judgment it is effectively a further unadjusted error of £1.143m.
13. BDO had also revisited their valuations work on Investment Properties but only identified very minor differences and there is no impact.
14. The peer review or Engagement Quality Control Review (EQCR) cannot be completed until the partner review is complete and all review points are cleared.
15. The 3 March 2022 GPC was also informed that a national sector wide issue had arisen on Infrastructure. It had been identified that authorities were not writing out costs and depreciation on these assets when they were decommissioned or replaced. The net values are robust but the gross values are arguably overstated. BDO and the other audit firms met with the National Audit Office at their Local Auditors Advisory Group LAAG meeting

on 8 February. There was agreement to raise the issue with DLUHC, Department for Levelling Up Housing & Communities and that a prompt nationally consistent solution was required. There was a further Local Government Technical Network LGTN meeting of the firms on 24 February to discuss the matter.

16. Since the 3 March GPC report the Audit Partner has completed his review and has raised review points with the Audit Manager and audit team. Whilst most of the review points have been cleared there are still some outstanding which must be cleared before the audit can be signed off.
17. In addition, the audit sampling methodology used for open audits has recently changed. As a result, additional cut off transaction testing was requested by the auditors. These have been completed by the LBE Finance Team and reviewed by the audit team. One error was identified for a legal cost which had not been accrued. The value of the error fell within the overall materiality limit and therefore will be reported as an unadjusted error.
18. The EQCR has commenced their work and the Property, Plant and Equipment (PPE) review has been completed. Two review points have been raised relating to PPE valuations, housing asset beacon valuations and a block of land as part of the Meridian Water development. The Audit Partner needs to review the points raised and discuss them with the audit team before the details can be passed to the LBE Finance Team. A timescale for this work could not be provided by BDO at the time of writing this report due to audit staff resource pressures.
19. The remaining EQCR work is due to commence on 20 June. This was delayed due to BDO reallocating LBE audit time to other BDO work priorities.
20. At the time of writing this report there are no outstanding tasks to be completed by the LBE Finance Team, although we have been advised that additional information may be required as a result of any EQCR PPE review points raised which could delay the sign-off of the accounts further.
21. Concerns have been raised by LBE staff with the Audit Partner regarding the ongoing delays in finalising the 2019/20 review points and the reallocation of the audit staff and EQCR to other BDO priority work. The Audit Partner could not provide a timeline for the EQCR review points to be considered.
22. The Council has been advised (on 31/5/22) that the Audit Manager leading the 2020/21 audit will also be supporting the 2019/20 accounts being finalised, however timescales for this have not been provided.
23. There is a risk that the delays in finalising the 2019/20 audit work could have an impact on the 2020/21 Annual Accounts audit, the second phase which is due to start on 11 July.
24. Finally, the sector wide issue relating to the accounting for infrastructure assets has progressed. There is currently a CIPFA LASAAC consultation on proposals to deal with the issues in the short and longer term, upon which Councils are asked to comment. The deadline for the consultation responses is 14 June and the outcome of the consultation is expected to be the end of June 2022. The 2019/20 accounts cannot be signed off until the

outcome of the consultation has been published and recommended actions have been considered.

25. As a result of the infrastructure assets consultation the 2019/20 accounts will not be signed off before the end of June 2022.

### **Resources**

26. Undertaking work on multiple Statement of Accounts puts considerable pressure on the Finance Team and the intention is to retain the interim Chief Accountant and Deputy Chief Accountant across this period. There is already a permanent Deputy in the team and the permanent Chief Accountant joined the Council on 24 January. The Council has also strengthened its director level resource with both the Finance Director Corporate and Finance Director Capital & Commercial who joined on 21 February.

### **Next Steps**

27. In summary, the next steps are:
- BDO to identify resources to complete the final audit reviews on 2019/20. Should anything arise from these reviews the Council will be ready to respond/provide samples etc.
  - the outcome of the national infrastructure consultation to be published and outcome to be agreed and then applied.
28. BDO have continued to keep the Council updated via regular weekly briefings. Following the update latest resourcing challenges, the Council has contacted the PSAA to ensure that everything is being done in the Council's powers to expedite the 2019/20 audit coming to a close and concerns around capacity for 2020/21 and 2021/22. The PSAA set out the following:
- The Council is locked into the contract statutorily, having opted in. In practical terms there are no firms within the contract in a position to take on the contract
  - The PSAA went on at length about limitations within the sector, high proportion of staff leaving the sector
29. The next actions that will be taken are: the PSAA will can lead discussions with BDO re 19/20 in particular; the Council to formally complain to BDO and consideration will be given to any fee charged above scale fee (this process only happens after audit has been completed). The audit contract cannot hold the firms to any set date because it compromises ability to draw independent conclusions.
30. **Safeguarding Implications**
31. There are no Safeguarding implications arising from this report.
32. **Public Health Implications**
33. There are no Public Health implications arising from this report.



34. **Equalities Impact of the Proposal**

35. There is no Equality impact arising from this report.

36. **Environmental and Climate Change Considerations**

37. There are no Environmental and Climate Change implications arising from this report.

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

39. The report is for noting, there is no decision required.

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

41. The report is for noting, there is no decision required.

42. **Financial Implications**

43. There are no direct financial implications beyond that an unqualified set of Accounts demonstrates that the Council is a 'going concern' and that any audit changes may materially affect the underlying net worth of the entity.

44. **Legal Implications**

45. The responsibilities for the framework within which local authority audits are conducted is the Local Audit and Accountability Act 2014. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the 2014 Act. Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. A Code of Audit Practice came into force on 1 April 2020, after being approved by Parliament. The new Code applies to audits of local bodies' 2020-21 financial statements onwards: The detailed statutory Auditor Guidance Notes (AGNs) that will support the new Code are being drafted.

46. **Workforce Implications**

47. There are no Workforce Implications arising from this report.

48. **Property Implications**

49. There are no Property Implications arising from this report.

50. **Other Implications**

51. None.

52. **Options Considered**

53. The report is providing an update and alternative options are not required.

54. **Conclusions**

55. The work on the 2019/20 Annual Accounts audit by the Enfield Finance Team is concluded, the BDO Audit Partner has completed their review work although some audit review points need to be cleared by the Audit Manager.

56. The EQCR work has started but has not completed. To date the EQCR has raised two PPE review points however, the details of the issues have not

been reviewed by the Audit Partner and the specific details have not been passed on to the Enfield Finance Team.

57. At this stage the BDO audit team have been moved on to other priority work and the Enfield 2019/20 audit has been paused until late June. The EQCR reviewer is expected to continue their work on 20 June.
58. An estimated timeline of when the 2019/20 audit work will be completed could not be provided by the BDO audit partner and the ongoing BDO audit staff pressures are an increasing concern.
59. Due to the BDO audit staff resourcing pressures there is a risk that the 2019/20 audit will not be completed before the start of the second phase of the 2020/21 audit on 11 July 2022. This could result in further delays to the 2020/21 audit.
60. The sector wide infrastructure asset accounting consultation closes on 14 June with the outcome expected by the end of June. The 2019/20 Annual Accounts audit will not be signed off before the end of June as the infrastructure assets issues will need to be resolved and the impact on the accounts considered.

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Report Author:	James Newman
	Director of Finance - Corporate
	James.Newman@enfield.gov.uk
	0204 526 5191
Date of report	1 June 2022

**London Borough of Enfield****General Purposes Committee****29 June 2022**

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**Subject:** Update on the Audit of the 2020/21 Statement of Accounts and Pension Fund and progress on the 2021/22 Council's Accounts

**Cabinet Member:** Cllr. Leaver, Cabinet Member for Finance & Property

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

**Key Decision:** N/A

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**Purpose of Report**

1. This report provides an update on the audit of the 2020/21 Statement of Accounts and Pension Fund and provides an update on the work underway to produce the Council's Accounts for 2021/22.

**Proposals**

2. General Purposes Committee is recommended to:
3. Note the update provided in the report.

**Reason for Proposals**

4. A core General Purposes Committee role is to review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

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

5. The Council's Plan is delivered through resilient finances, the external Audit is a process of testing and challenging to ensure the Accounts present a true and fair view of the Council's financial position.

**Background & Progress to Date**

6. The 2020/21 draft Statement of Accounts was published on 1 August 2021 and reported to the General Purposes Committee meeting on 4 August 2021.
7. At the GPC meeting on 3 March BDO presented the 2020/21 Audit Plan. The Audit Partner advised that some of the interim work had commenced on the audit of the 2020/21 accounts although there would be an impact on the work due to the 2019/20 statement of accounts remaining at audit stage.
8. Since the update provided at the 3 March meeting of the GPC the first phase of the 2020/21 accounts audit has been completed. This took place

from 1 March to 22 April. During this period the focus of the audit was the Council's surplus assets and housing dwellings, most of the work was completed, however, is subject to the Audit Manager's review.

9. As part of the audit the Council asked the BDO team to provide the transaction samples listings as this would allow the LBE Finance Team more time to prepare the information in advance of the second phase of the audit in July. Most of the sample requests had been provided to LBE staff by the end of the first phase of the audit. In some cases, the audit samples requested were returned to BDO and have been reviewed as part of the first phase of the audit.
10. Since the completion of the first phase of the audit the majority of the remaining transaction samples have been completed and provided to BDO in advance of the July audit.
11. There was good progress on the first phase of the audit which was assisted by weekly face to face meetings between the BDO audit team and the LBE Finance Team.
12. An audit resource plan has been requested for the second phase of the audit, which is due to commence 11 July. BDO have advised that the plan will be provided in early June following a resource planning meeting on 31 May.
13. Due to the ongoing delays with the 2019/20 audit, there is a risk that the 2020/21 audit may be delayed until 2019/20 accounts have been signed off. The 2019/20 audit progress is being closely monitored and regular meetings are held with the Audit Partner.
14. The main delays with the 2019/20 audit relate to the reallocation of BDO audit staff resources to other and the sector wide infrastructure assets issues which are subject to consultation. The consultation outcome is expected at the end of June 2022 and we will be unable to close either 2019/20 or 2020/21 accounts until a sector wide solution for this issue has been established by CIPFA.

#### **Pension Fund Accounts 2020/21 Audit and Financial Position**

15. BDO have confirmed that the Pension Fund Accounts 2020-21 audit will be completed by the same Audit Manager as the Council's main accounts. The audit is expected to take place alongside the second phase of the audit from July onwards.
16. The Fund's assets performed remarkably well with the asset value increasing by £256m in this financial year. The overall improvement was due to the out performance of the financial markets in which the Fund held its investments and a net addition from dealings with members.
17. The net asset statement represents the net worth (£1,406m) of the Fund as of 31st of March 2021.

#### **2021/22 Closure of Accounts update**

18. The statutory deadlines for draft and audited accounts for 2021/22 are the 1 August 2022 to produce draft accounts and these need to be audited and signed off by 30 September.

19. The national capacity and timeframe challenges for all audit firms, also applies to BDO and it is likely that Enfield's audit work will be delayed until the 2020/21 audit has been completed. The timetable for the 2021/22 Annual Accounts audit has not been discussed with BDO at this stage due to the delays with signing off the 2019/20 Accounts. Once the 2019/20 audit is complete any impact on the 2020/21 audit timelines and the planning for the 2021/22 audit will be reviewed and discussed with BDO.
20. The Council has a detailed timetable to produce its draft accounts by 1 August and will have the accounts, working papers and the appropriate transaction listings to enable the auditors to select samples all available on this date. The final statements are actually scheduled to be complete in early July which gives an extended period of quality review to be undertaken ensuring the drafts accounts are of a higher standard.
21. Overall, there have been delays in the work programme for closing 2021/22 due to key staff changes in the Finance Team, delays in receiving some of the asset valuations and work required for the 2019/20 and 2020/21 audits. The team is still on course to have the draft accounts available as above.
22. As at 1 June, all accruals were in the ledger. This was later than planned but there is greater assurance with their quality with Accruals Panels being in place. Similarly, all provisions have been produced and posted to the ledger with quality review undertaken by the Head of Budget Challenge and sign off from the Director of Finance – Corporate, Deputy S151 Officer.
23. All the valuations have had challenge sessions to reduce the risk of future audit challenges. Sanderson Weatherall have taken over from Strutt and Parker in respect of the housing dwellings valuations for the 2021/22 valuations.
24. The Collection Fund continues to have challenges in 2021/22. This is due to key staff changes in the Finance Team and the vacant Corporate Accountant – Collection Fund post in addition to the complexities of Covid 19 related funding. The team has made use of LG Futures support for 2021/22 providing a more robust closure and also upskilling and development of the team.
25. Grant accounting was identified as a major area of weakness in 2019/20, with entries in the Accounts incorrectly coded, leading to numerous audit queries. Every item on the Grant register has been reviewed by Corporate Finance and business partners in revenue and capital are being challenged over detailed backing and coding. This has been a significant undertaking as there are approximately 150 individual lines on the register and the work is due to conclude on 10 June.
26. The draft capital outturn position has been completed and the capital finance transactions will be posted by 10 June.
27. The draft final Outturn was originally scheduled to be available for 23 May, this is now expected on 13 June following the completion of the grants register work and assets related transactions.
28. Of the outstanding work, Balance Sheet Justifications (BSJs) is a key area of focus currently. This area has historically been weak and ensuring they are of appropriate quality reduces misstatements in the Accounts. This is currently the focus of the Corporate Finance team, who are working across

the entire Finance team. There is a quality review process whereby each of the Balance Sheet Justification forms are checked by both the manager and a Quality Assurance Panel.

29. The Asset Register has been rolled over to 2021/22 however, it is yet to be updated for 2021/22 changes due to an issue with the depreciation calculation. The issue has been raised with the CIPFA consultant and is expected to be looked at week commencing 6 June. The position is being kept under review.
30. Technical Accounting entries, both revenue and capital, such as creation of assets and IAS19 are overdue because the Outturn was marginally later than planned and because of the time spent on Balance Sheet Justifications and Grants. At this point, this is not affecting the accounts timetable overall because of review time being spent earlier, rather than later, in the timetable. The timetable progress is monitored by the Director of Finance - Corporate (Deputy Section 151 Officer) to ensure that the Accounts are still delivered to deadline.
31. The Pension Fund Accounts are running slightly behind time due to one of the fund valuations being delayed until late June.
32. The narrative statement is being started as the Outturn is largely finalised. It is being led by the Section 151 Officer.
33. The main statements, notes and Group Accounts are yet to be started but that has already been accounted for in the timetable. The draft accounts will, therefore, be available and published in line with the statutory deadlines.

## **Resources**

34. Undertaking work on multiple Statement of Accounts is putting pressure on the Finance Team and the intention is to retain the interim Chief Accountant and Deputy Chief Accountant across this period. There is already a permanent Deputy in the team and the permanent Chief Accountant joined the Council on 24 January. The Council has also strengthened its director level resource with both the Finance Director Corporate and Finance Director Capital & Commercial who joined on 21 February.
35. **Safeguarding Implications**
36. There are no Safeguarding implications arising from this report.
37. **Public Health Implications**
38. There are no Public Health implications arising from this report.
39. **Equalities Impact of the Proposal**
40. There is no Equality impact arising from this report.
41. **Environmental and Climate Change Considerations**
42. There are no Environmental and Climate Change implications arising from this report.
43. **Risks that may arise if the proposed decision and related work is not taken**
44. The report is for noting, there is no decision required.

45. **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**
46. The report is for noting, there is no decision required.
47. **Financial Implications**
48. There are no direct financial implications beyond that an unqualified set of Accounts demonstrates that the Council is a 'going concern' and that any audit changes may materially affect the underlying net worth of the entity.
49. **Legal Implications**
50. The responsibilities for the framework within which local authority audits are conducted is the Local Audit and Accountability Act 2014. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the 2014 Act. Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. A Code of Audit Practice came into force on 1 April 2020, after being approved by Parliament. The new Code applies to audits of local bodies' 2020-21 financial statements onwards: The detailed statutory Auditor Guidance Notes (AGNs) that will support the new Code are being drafted.
51. It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be produced in accordance with proper accounting practices.
52. The Accounts are prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, which specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position and transactions of the Council.
53. The Code sets out the proper accounting practices required by section 21(2) of the Local Government Act 2003. These proper practices apply to:
  - Statements of Accounts prepared in accordance with the statutory framework by the Accounts and Audit (England) Regulations 2015
  - The audit of those accounts undertaken in accordance with the statutory framework established by section 5 of the Local Audit and Accountability Act 2014.
54. **Workforce Implications**
55. There are no Workforce Implications arising from this report.
56. **Property Implications**
57. There are no Property Implications arising from this report.
58. **Other Implications**
59. None.
60. **Options Considered**
61. The report is providing an update and alternative options are not required.
62. **Conclusions**

63. The first phase of the 2020/21 Annual Accounts audit has been completed with good progress made. The second phase of the audit is due to commence on 11 July 2022.
64. There is a risk that the second phase of the 2020/21 Annual Accounts audit could be delayed due to the ongoing delays of the 2019/20 Annual Accounts audit work and the outcome of the consultation relating to infrastructure assets which is due the end of June 2022.
65. The 2021/22 Annual Accounts are being prepared, some delays have been encountered however, it is anticipated that the accounts will be published by the 1 August 2022.

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Date of report	1 June 2022



## GENERAL PURPOSES COMMITTEE – WORK PROGRAMME 2022/23

Issue/Item	29-Jun-22	26-Jul-22	15-Aug-22	20-Oct-22	01-Dec-22	19-Jan-23	16-Mar-23
Annual Statement of Accounts/Governance Statement - will include Council update, BDO report, and update on fees, all as necessary and appropriate	Update on Audit of the 2019/20 Final Accounts	2019/20 Final Accounts update	2019/20 Statement of Accounts sign-off				
	Update on the Audit of 2020/21 Statement of Accounts and Pension Fund and Progress on 2021/22 Council's Accounts	2020/21 and 2021/22 Statement of Accounts		2020/21 and 2021/22 Statement of Accounts	2020/21 and 2021/22 Statement of Accounts	2020/21 and 2021/22 Statement of Accounts	2020/21 and 2021/22 Statement of Accounts
							Council main Account & Pension Audit Plan 2022/23
External Audit Contracting Arrangements Review						Report - update on the PSAA External Contracting Arrangements Effective for Financial Year Ending 2023/24	
Draft 2022/23 Ten Year Treasury Strategy						Draft Treasury Management Strategy to be reviewed by GPC in advance of Council (in Feb 2023)	
Organisational Financial Resilience - to include managing the savings and the capital/borrowing					Update on Financial Resilience - Interest, MRP and borrowing		
					Update on Financial Resilience - Managing the Savings		
Local Government & Social Care Ombudsman Annual Review				Report			
Report on Complaints, Ombudsman, FOIs, MEQS etc - annual report				Report			
Regulation of Investigatory Powers Act 2000 (RIPA) – incl legislative changes							Report - Monitoring Officer
Information Governance & Document Retention	2021-22 Annual Data Protection Officer Report - R Choudhury	IGB Annual Performance Yearly update - Martin Sanders					
Contract Procedure Rules – Review & Waivers	Contract Procedure Rules Waivers Report & Update on procurement spend - Claire Reilly					Annual Report on Procurement - waivers, extensions etc - Claire Reilly	

Local Authority Trading Companies				Was to be considered at the first meeting of the new municipal year 22/23. However, revised date proposed. To be considered by GPC following presentation of the business plans to Cabinet in September 2022. Lead Officer - Will Wrxall			
Cyber & Technology Security		Regular update report on Cyber Security risks and remediation plan - Kieran Murphy				Regular update report on Cyber Security risks and remediation plan - Kieran Murphy	
Meridian Water Risk Register Update	Update Report - Peter George	Update Report - Peter George		Update Report - Peter George		Update Report - Peter George	
Housing Dev Approach to Identifying Risk & Management		Update Report - Jo Drew					
Risk Management Reviews – items to be confirmed and allocated							
• Corporate risk register update				Corporate Risk Register			Corporate Risk Register Update
• Departmental risk registers							
• Specific risk monitoring	To be agreed by GPC (in previous years this included MW, Housing and Financial Resilience, and although no longer reviewed this also included in the past Covid19 and Brexit). Other areas could be UC/cost of living?						
Internal Audit & Investigations – Progress Report		2021/22 Annual Internal Audit Report					
• Update of audit plan progress	ARMS Progress Report - update	ARMS Progress Report - update		ARMS Progress Report - update	ARMS Progress Report - update	ARMS Progress Report - update	ARMS Progress Report - update
• Key risk findings	Counter Fraud Annual Report 2021/22	Annual Schools Audit Report 2021/22				Counter Fraud Policies	
• Investigations undertaken							
• Sanctions & prosecutions							
• Internal Audit Plan							2023-24 Internal Audit Plan and Internal Charter
General Purposes Committee Annual Report	20/21 Annual Report - Chair and Monitoring Officer						
Member Induction and Development sessions		Work plan for start of municipal year setting out Member Induction and Training (NEW in response to the CIPFA review of the GPC) - Monitoring Officer				Report setting out Training and Development undertaken by GPC members	

CIPFA Review of GPC Report (including the Implications of the MHCLG New Local Audit Framework Technical						Update on the GPC Cipfa Review Action Plan	

Items	Frequency	Next GPC
Counter Fraud Strategy & Operating Plan (*)	Every 3 yrs	March 2025
Risk Strategy & Operating Plan (*)	Every 3 yrs	March 2025

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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