

## MINUTES OF THE MEETING OF THE GENERAL PURPOSES COMMITTEE HELD ON TUESDAY, 26TH JULY, 2022

**MEMBERS:** Councillors Ayten Guzel (Associate Cabinet Member (Non-geographical)), Elisa Morreale, Nawshad Ali, Sabri Ozaydin (Chief Whip), Michael Rye OBE, Joanne Laban, Peter Nwosu (General Purposes Committee Independent Person), Elif Erbil, Tim Leaver (Cabinet Member for Finance and Procurement), Sinan Boztas and Paul Pratt

**Officers:** Fay Hammond (Executive Director – Resources), Matt Bowmer (Interim Director of Finance), James Newman (Director of Finance - Corporate), Joanne Drew (Director of Housing & Regeneration), Terry Osborne (Interim Director of Law and Governance), Kieran Murphy (Director Digital Data & Technology), Gemma Young (Head of Internal Audit and Risk Management), Nnenna Urum-Eke (Head of Development, Place), Marie Lowe (Governance and Scrutiny Officer)

**Also Attending:** Councillor Tim Leaver, Cabinet Member for Finance and Performance

### 1. WELCOME & APOLOGIES

Councillor Ayten Guzel, in the capacity of the Chair of the meeting, in the absence of Councillor Mahym Bedekova who had sent her apologies, welcomed everyone to the meeting.

Apologies for absence had been received from

- Councillor Mahym Bedekova who was substituted by Councillor Elif Elgin.
- Councillor Esin Gunes, who was substituted by Councillor Sinan Boztas.
- Councillor Alessandro Georgiou, who was substituted by Councillor Paul Pratt.

Councillor Tim Leaver, Cabinet Member for Finance and Performance would be joining the meeting in Part 2 for item 12 - Statement of Accounts Update to provide a verbal update together with the Executive Director, Resources.

### 2. DECLARATIONS OF INTEREST

No declarations of interest were made or received at the meeting.

### 3. HOUSING DEVELOPMENT AND APPROACH TO IDENTIFYING RISK AND MANAGEMENT

The Head of Development, Place introduced the report which an update on the Housing Development Programme, focussing on the progress of the

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schemes, the governance structure and the approach to identifying and managing risks.

In response to questions from Members concerning construction costs, officers confirmed that construction costs were high and continued to rise and that the build cost per unit had been increased to £400k on average.

The factors which had impacted on the build out cost were due to the supply chain, which remained uncertain, cost and shortage of labour, and the sales value.

Build cost inflation due to current market conditions would impact on the viability of schemes but despite the increases, the housing was still needed, and the Council was working closely with partners to mitigate the cost increases.

**AGREED** that the update to the approach to housing development programme, including risks to the Council, the risk controls embedded at all stages of the project cycle, governance structure and progress of the schemes be noted.

### **4. ANNUAL INTERNAL AUDIT REPORT 2021-22**

The Committee received the Annual Internal Audit Report 2021-22, which summarised the results of the work that the Internal Audit team had undertaken during 2021-22, targeting limited resources at the highest priority services.

During the discussion which ensued, Members requested details of St Anne's deficit recovery plan and that the organisational staff structure charts of schools, which indicated the appropriate management levels, be circulated to the Committee.

It was suggested that where the subject for consideration at the Assurance Board fell under the Chief Executive's remit, the Vice Chair should take the chair for that item. This would ensure the independence and impartiality of the Assurance Board and sufficient challenge would ensue. The Interim Director of Law and Governance offered to pass on this suggestion to the Chief Executive.

**AGREED** to note the contents of the report.

### **5. ANNUAL SCHOOL AUDIT REPORT 2021/22**

Members considered the report which summarised the findings from the school audits undertaken in 2021/22 and the draft letter due to be sent to Headteachers, Governors and School Business Managers together with information on common audit findings.

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Members suggested that Head Teachers be sent the Scheme for Financing Schools, the Council's Finance Manual for Schools, the Contract Procedure Rules and General Data Protection Regulations via their Council's email addresses together with the school committees who deal with finance matters for the school. This would ensure it was received by the target audience. It was also suggested that the Director of Education present the documents at the next secondary and primary headteachers meeting.

**AGREED** to note the Annual School Audit Report 2021/22 and agreed that it be shared with the Schools Forum, the Headteachers, Chairs of Governors and School Business Managers at the start of the new academic year.

### 6. **UPDATE ON THE AUDIT OF THE 2019/20 AND 2020/21 STATEMENT OF ACCOUNTS AND PENSION FUND AND PROGRESS ON THE 2021/22 COUNCIL'S ACCOUNTS**

The Director of Finance, Corporate provided an update on the audit of the 2019/20 and 2020/21 Statements of Accounts and Pension Fund and provided an update on the work underway to produce the Council's Accounts for 2021/22.

The Committee noted that the Audit Partner from BDO, David Eagles, had been unable to attend the meeting due to annual leave and expressed deep disappointment that a substitute had not attended, as happened in the past.

The Committee recognised that the delay to close the 2019/20 accounts had a detrimental impact on the 2020/21 and 2021/22 accounts as well as in the longer-term.

Members were of the view that, in light of the severity of the situation and the significant delays experienced by the Council, officers should continue to put pressure on the organisations involved wherever possible to mitigate the impact on the Council. Suggested actions to include, but not be limited to, the publication of the timetable for the closure of the accounts when received from BDO and referral to the relevant MP or minister.

Members noted, as advised by the Executive Director, Resources that interim staff engaged to work on the 2019/20 accounts would be retained for the foreseeable future until the matter was resolved or the situation more certain. It was very difficult to recruit staff in the current employment climate with this particular skill set.

The Committee asked that, with regards to the significant delays arising from BDO's decision to redirect staff away from LBE's 2020/21 accounts to focus upon finalising the 2019/20 accounts and the completion of the NHS audits, a list of costs to date incurred by the Council, together with future costs be provided before the next meeting of the Committee on 20 October 2022.

**AGREED** that the update on the audit of the 2019/20 and 2020/21 Statements of Accounts and Pension Fund be noted.

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### **7. ANNUAL GOVERNANCE STATEMENT - 2021-22**

Members of the Committee considered London Borough of Enfield's Annual Governance Statement for the financial year 2021/22.

The Committee concurred with the Interim Director of Law and Governance's suggestion that delegated authority be given to the Executive Director, Resources, in consultation with the Interim Director of Law and Governance, to make any necessary amendments to the AGS before the final publication with the accounts.

**AGREED** that:

1. The draft 2021-22 Annual Governance Statement be agreed in principle; and
2. Delegated authority be given to the Executive Director, Resources, in consultation with the Director of Law and Governance, to make any necessary amendments to the Annual Governance Statement and to finalise the document prior to publication with the accounts.

### **8. GENERAL PURPOSES COMMITTEE WORK PROGRAMME 2022/23**

**AGREED** that the 2022/23 Work Programme of the Committee be noted.

### **9. DATES OF FUTURE MEETINGS**

**NOTED** the future dates of the meetings of the General Purposes Committee.

Thursday, 20 October 2022

Thursday, 1 December 2022

Thursday, 19 January 2023

Thursday, 16 March 2023

### **10. EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED** in accordance with Section 100(A) of the Local Government Act 1972 to exclude the press and public from the virtual meeting for the item of business listed as part two on the agenda on the grounds that it involves the likely disclosure of 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 Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).

### **11. CYBER SECURITY AND TECHNOLOGY UPDATE**

The Director of Director Digital Data & Technology introduced the report on cyber security which set out the current position for the organisation, the

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progress against the cyber security remediation plan of activities and risks. The Director assured members of the committee that the Council continued to improve its Cyber Security position.

**AGREED** that:

1. The cyber security and technology update report be noted, including the risks, observations and findings contained in the report of officers; and
2. The progress against the cyber security remediation programme and plan be noted.

Councillor Tim Leaver, Cabinet Member for Finance and Performance joined the meeting in person at 8.15pm.

### **12. STATEMENT OF ACCOUNTS UPDATE**

Councillor Tim Leaver, Cabinet Member for Finance and Performance together with the Executive Director, Resources provided a verbal update on the position of the statement of accounts for 2019/20, 2020/21 and 2021/22.

The Committee were advised that discussions had taken place with the these included discussion with Public Sector Sustainability Association ("PSSA"), and that officers are considering that options are available to resolve this ongoing issue.

The Executive Director for Resources advised that she had spoken to the Chief Executive of PSAA and expressed the Council's dissatisfaction with the situation. The PSSA had responded to say that they wanted to cooperate with the Council and had agreed to attend a future meeting of the Committee. The Executive Director confirmed that the Finance Team had addressed the majority of the issues identified in the independent review undertaken by CIPFA to strengthen the finance resilience and governance in the Council and had responded to all issues raised by BDO. The delay now rested with BDO.

Members reiterated their concerns regarding the current position of the accounts which was detrimental to the confidence the public had in the Council. Members asked whether, since the audit of the Pension Fund had been completed, the accounts for the Pension Fund should be signed off.

The Executive Director, Finance explained that this was a sector issue and LBE was not alone in finding itself in the current position. There were 51 local authorities who had outstanding audits for 2019/20. The unresolved national technical issue relating to infrastructure assets valuations was impacting on other Government departments such as the Treasury. CIPFA also recognised that this is a national issue.

The Committee remained of the view that a meeting be sought with the audit partner(s) responsible for the Council's outstanding audit or, failing that, a

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BDO representative to attend to be held to account for not fulfilling the contractual arrangements. This delay materially affected the Council. Members also suggested that this issue be raised with the local MP or ministers.

The Cabinet Member for Finance and Performance stated that the current situation was totally unacceptable. The Cabinet Member commented that the Council would continue to use the excellent internal audit services and the General Purposes Committee to maintain and build the confidence of residents, to add robustness to the financial management in and across the organisation and the Borough. The Council continued to strive to resolve the issues with BDO to strengthen and build resilience for future audits.

The Committee and the Cabinet Member for Finance and Performance thanked the finance team for their work in pursuing the matter to secure a resolution for the Council.

### **AGREED that:**

1. The Committee's dissatisfaction in the Council's external auditors be noted and reiterated to the external auditors and the PSAA;
2. The External Auditors should be requested to sign off the Pension Fund Accounts as soon as possible;
3. The Council pursue a resolution to the close of the accounts for 2019/20 and 2020/21, and for the preparation of the draft accounts for 2021/22;
4. A meeting be held between representatives of the Council's External Auditor, BDO, and members of the General Purposes Committee; and
5. PSAA representatives be requested to attend the meeting of the General Purposes Committee on 20 October 2022.

The meeting ended at 9.15 pm.