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GENERAL PURPOSES COMMITTEE

Tuesday, 26th July, 2022 at 7.00 pm in the Conference Room, Civic Centre, Silver Street, Enfield, EN1 3XA

Membership:

Councillor: Mahym Bedekova (Chair), Ayten Guzel (Vice-Chair), Elisa Morreale, Esin Gunes, Nawshad Ali, Sabri Ozaydin, Alessandro Georgiou, Michael Rye OBE, Joanne Laban 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. HOUSING DEVELOPMENT AND APPROACH TO IDENTIFYING RISK AND MANAGEMENT (Pages 1 - 24)

The report provides an update to the approach to housing development, including risks, governance, and progress of the schemes.

4. ANNUAL INTERNAL AUDIT REPORT 2021-22 (Pages 25 - 88)

The General Purposes Committee is requested to note the contents and provide comment on the Annual Internal Audit Report 2021-22.

5. ANNUAL SCHOOL AUDIT REPORT 2021/22 (Pages 89 - 108)

The report summarises the findings from school audits undertaken in 2021/22 and a draft letter due to Headteachers, Chairs of Governors and Chairs of Finance/Resources.

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 (Pages 109 - 114)

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

7. ANNUAL GOVERNANCE STATEMENT - 2021-22 (Pages 115 - 140)

The purpose of this report is to consider London Borough of Enfield's final Annual Governance Statement for the financial year 2019-20, and the equivalent draft Statement for 2020-21.

8. GENERAL PURPOSES COMMITTEE WORK PROGRAMME 2022/23 (Pages 141 - 142)

To note the proposed work programme for the General Purposes Committee for the 2022/23 year.

9. DATES OF FUTURE MEETINGS

To note 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

To consider passing a resolution under Section 100(A) of the Local Government Act 1972 excluding the press and public from the meeting for the items of business listed on part 2 of the agenda on the grounds that they involve the likely 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). (Members are asked to refer to the part 2 agenda).

PART 2 AGENDA

11. CYBER SECURITY AND TECHNOLOGY UPDATE (Pages 143 - 156)

To receive a report from the Executive Director – Resources and the Director of Data, Digital & Technology.

(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.)

12. STATEMENT OF ACCOUNTS UPDATE (Verbal Report)

To receive a verbal update from the Executive Director – Resources.

(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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London Borough of Enfield**General Purpose Committee****26th July 2022**

Subject:	Housing Development & Approach to identifying Risk & Management
Cabinet Member:	Cllr Nesil Caliskan
Executive Director:	Sarah Cary
Key Decision:	n/a

Purpose of Report

1. To provide an update to the approach to housing development, including risks, governance and progress of the schemes.

Proposal

2. Note the governance structure and the risk controls embedded at all stages of the project cycle.

Reason for Proposal(s)

3. On 5 March 2020 and 22 April 2021, the General Purpose Committee received reports on the programme. The latter report provided an update on the Development Programme, focussing on the governance procedures and process for managing risk to the Council.
4. The Committee sought and was provided with clarity regarding the governance structure, the scope of the schemes within the programme and the skills and capacity building training being undertaken.
5. This paper provides an update to the approach set out in the latter report.

Relevance to the Council Plan

6. In February 2020, Cabinet approved the initiation of a Council-led housing building programme with the ambition to deliver 3,500 new homes on its own sites.
7. The development of affordable homes and improvement of existing housing stock align with the Council Plan commitment to create a lifetime of opportunities in Enfield through providing good homes in well-connected neighbourhoods and sustaining strong and healthy communities.

Background

8. Since the last report, the impact of Brexit and now Covid-19 is still being realised with marked increases in projected costs and tender pricing. Cost of construction materials, such as steel, timber and concrete for all types of work, rose by 23% last year and nearly a quarter of contractors reported severe labour shortages. Also, fewer contractors are bidding for new work as resources are constrained on existing projects, which are extended by 6 months or longer to complete. A continued unusual increase in costs is forecast into 2022 due to rising energy costs.
9. This trend has impacted on three sites in the current programme which have resulted in longer construction programmes and slower build out rate because of shortages of supply.
10. In the last report, officers reported that, due to rising construction costs caused by supply chain uncertainty, the build cost per unit within the HRA had been increased from £250k to £300k. Since then, as construction costs continue to rise, the build cost per unit has been increased to £400k.
11. The Council manages its maintenance and development costs using various third-party advisors and contractors who forecast costs, monitor and measure development designs, and monitor quality. Since early 2021 officers have sought additional advice and secondary reviews on schemes and projects as well as contract appointments and negotiations. We also encourage knowledge sharing among colleagues in different departments.
12. The steps the Council can take to manage this abnormal cost increases are broadly as below. We have used a number of these, often together, on our development and maintenance programmes over the past year.
 - Review our approach to procurement to try to assure market interest and engagement including using direct award when appropriate
 - Review our approach to contracts including allocating works to those that hold prices for at least 120 days and balancing risk and reward, to mitigate cost increases and contractor quality concerns and avoid litigation
 - Redesign projects and value engineer to be cheaper to deliver – whilst managing negative impacts on final design quality and long-term maintenance
 - Not take forward, or significantly delay/reprioritise, approved schemes which are now unviable or represent poor value for money – weighing option against considerations such as loss of funding and rental income
 - Accept additional costs, higher risk and lower viability to deliver the project
13. To further mitigate cost uncertainty, the Council is also collaborating with four other local authorities (Barking and Dagenham, Newham, Waltham Forest, Haringey, Hackney and Islington) to form a Buyer's Club for modern methods of construction (MMC). The club intends to aggregate the demand of the 7 boroughs to achieve economies of scale. The GLA has been highly supportive of the collaboration and have provided revenue funding to resource the development of the governance structure and the framework. Once these are established, each borough will seek approval to formally join the club and use the framework.

14. London Councils has lobbied government to raise grant costs to cover this unusual cost pressure but thus far, requests for affordable housing grant increases have, in most cases been rejected. This has resulted in substitution of Affordable Housing Programme funding with use of RTB receipts.
15. In August 2021, the GLA allocated £167m to the Council through its Affordable Housing Programme 2021-26 to deliver 1,119 new affordable homes from March 2023 to March 2029. This is the fifth largest allocation in London and the second largest amongst local authorities. The grant agreement, which is still subject to agreement, when entered into will support the delivery of ambitious schemes such as the Joyce and Snell's regeneration project, which achieved a very successful ballot in December 2022 with 78% of respondents voting yes to the Council's proposals for the estate.

Main Considerations for the Council

16. Of the four sites reported to be under construction (84 units) last year, all the homes are due to complete this financial year, delivering much needed new affordable homes for Enfield residents. Bury Street West is currently targeted to complete in December 2022.
17. Alma Phase 2a is due to complete in August 2023 and Phase 4 Sept 2024. Progress continues at Ladderswood and New Avenue despite initial impact of Covid-19 delays.
18. There are currently 4 sites (Reardon Court, Exeter Road, Upton & Raynham and Bullsmoor Lane) with over 300 homes due to start on site by March 2023. However, build cost inflation due to current market conditions is impacting on their viability.
19. The scheme development process is underway for the AHP 21-26 pipeline sites. To aid this work a new Development Management SLA has been agreed with Local Planning Authority, work is underway to identify additional sites to supplement the pipeline and market engagement activities such as bidders' days and a new re-branded webpage are being developed.
20. The gateway process continues to provide a comprehensive approach to risk management embedded at all gateways of the project life cycle and the RIBA Stages for design. This includes development appraisals assessed against approved hurdle rates and fully co-ordinated programmes at each stage from site feasibility to construction. This allows the overall programme budget to be monitored against the HRA business plan and early identification of slippage or cost overruns.
21. Additionally, as scheme performance is dependent on a successful route through design and planning and procurement, early pre-application process is undertaken to de-risk the site opportunities. The procurement strategy for professional services and main works is agreed on a project basis at the outset to minimise delays at tendering stage.
22. The risk registers are supplemented with highlight reports which are completed monthly by development managers and considered by the Housing Development

and Regeneration Board and a finance report which escalates issues independent of the housing and regeneration service. Finance also review the programmes as part the HRA quarterly monitoring cycle. With legal, property and finance representatives on the board, this allows for scrutiny and challenge as projects develop.

23. The main six risks for the programme are summarised below are unchanged:

Risk	Mitigation	Owner
HRA cost per unit is exceeded which makes the schemes unaffordable	Design scheme within approved funding envelope and amend specification as scheme progresses or adjust wider programme to offset cost overruns	Head of Development
Constrained construction market and supply chain due to Covid-19.	Early engagement with contractors, to allow them the secure their supply chain, to improve tender pricing and reduce risk of lengthy procurement	Heads of Service
Planning delays impact on GLA funding programme milestones	Agree streamlined pre-app process, engagement with existing neighbouring properties and ward councillors.	Head of Development
Projects become unviable due expectation to provide higher levels of planning gain via conditions / contributions because they cannot fully comply with all planning policy requirements onsite (due to more stringent requirements, space constraints and higher costs for other elements).	Early engagement with planners regarding site constraints and project viability	Head of Development
Housing market impacts on sale of shared ownership and outright sale.	Scale back sale tenure, forecast prudent values for products, capitalise on shared ownership funding available through the GLA.	Heads of Service
Staff capabilities and capacity to manage portfolio of multi-faceted projects	Targeted competency framework for performance management and training in development management	Heads of Service
Reputational and delivery risk if the Council does not meet the requirements of the GLA	Maintain track record for delivery, continuous dialogue with the GLA as issues or delays arise to mitigate loss of grant.	Heads of Development

Safeguarding Implications

24. There are no safeguarding implications.

Public Health Implications

25. Evidence suggests poor housing has a significant impact on mental health and wellbeing. The Building Research Establishment Trust recently estimated that poor housing costs the NHS at least £1.4 billion per year. Housing is therefore fundamental to health, with delivery of high quality housing is necessary to improve the borough's health outcomes.

Equalities Impact of the Proposal

26. The report does not engage the Public Sector Equality Duty and there are therefore no equality implications.

Environmental and Climate Change Considerations

27. *It has been recognised in the risks identified that the cost of non-compliance onsite with sustainability policy requirements could have an impact on project viability. The mitigation is to make sure there is a clear understanding of requirements and engagement with relevant teams.*

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

28. Given the value and impact of the housing development programme, lack of oversight of risk identification approach and governance arrangements could expose the Council to significant financial and reputational damage.

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

29. There are no significant risks associated with the General Purpose Committee noting the governance structure and the risk controls embedded at all stages of the project cycle.

Financial Implications

30. This report provides an update on the Housing Development risks and management approach of the programme. There are no specific financial implications in this report. The projects included within the programme will be assessed on an individual project basis and will be assessed based on affordability in line with the HRA Business Plan and viability against the approved hurdle rates.

31. It should be noted that the financial risks of the programme are as follows:

- a. Long term future rent uncertainty – any rent reductions will have a significant impact on the Business Plan and viability of the future projects.
- b. The build costs are based on market intelligence (currently £400k per unit) and may in some circumstances be higher as the market is extremely volatile. Significant cost increases experienced due to combined impact of

Brexit, Covid-19 and constrained supply chains have been reflected in the revised build cost per unit. Market conditions will be monitored closely as any impact on build costs would impact the number of units we are able to deliver. A 10% contingency is built into all project budgets to mitigate this risk.

- c. There are a number of private sales and shared ownership units built into the programme, depending on market conditions the sale of these units could add financial pressure to the business plan and impact on cashflow if the sales were delayed.
- d. Changes in grant conditions could impact the development programme i.e. reduction in rent levels and grant receivable. The new AHP has been agreed but this is predicated on grant conditions being met in full. Beyond 2026 there is no confirmed grant allocations
- e. Borrowing rates are assumed at 3.5% for the 30-year business plan - if this rate was to increase this would affect borrowing capacity and will impact on the viability of the business plan

Legal Implications (MD 22nd June 2022)

- 32. This is a report for update purposes only. Detailed legal implications will be considered and provided at project decision report level.
- 33. Members should note that neither the Buyers' club referred to at paragraph 13 above nor the grant agreement with the GLA referred to in paragraph 15 above have been established or entered into and are both subject to agreement of terms and governance approval.

Workforce Implications

- 34. There are no workforce implications

Property Implications

- 35. Given the nature of this report, there are no new or direct property implications arising from it. All indirect implications are to be found throughout the report.

Conclusions

- 36. The governance process remains robust in its ability to identify, mitigate and manage issues and risk from inception to construction to handover stage.
- 37. The programme is on track to meet the Council's ambitious target of 3,500 despite ongoing market uncertainty.
- 38. Appendix 1 illustrates the update provided in this report.

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Date of report 31 June 2022

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Housing Development Programme

RISK IDENTIFICATION & MANAGEMENT APPROACH

General Purposes
Committee

26 July 2022

Programme Update – 2022 completions



Electric Quarter

75 homes

- Legal completion & handover achieved Jan 2022
- Estate management by Sep 2022
- Sales completions by Aug 2022



Newstead House & Maldon Road

22 homes

- Practical completion & handover achieved June 2022



Gatward Green

12 homes

- Practical completion & handover achieved June 2022



Bury Street West

50 homes

- Practical completion & handover by January 2023
- Estate management by Dec 2022
- Sales completions by Aug 2023

Programme Update – 2022/23 Starts

Reardon Court

70 homes

- Planning consent granted
- Initial contract awarded Mar 2022
- Start on site Mar 2022



Upton & Raynham

134 homes

- Planning consent granted
- Vacant possession achieved Feb 2022
- Demolition underway
- Contractor procurement under review
- Start on site by Mar 2023



Bullsmoor Lane

27 homes

- Demolition underway
- Main contractor in PCSA
- Planning application submitted in May 2022
- Planning consent expected by Sep 2022
- Start on site Oct 2022



Exeter Road (Phases 1-3)

129 homes

- Planning consent granted
- Contractor procurement under review
- Starts on site by Mar 2023

Identified Risks

Ability to delivery programme to **Time, Cost and Quality** are subject to the following risks and mitigations:

- **Planning delays**– Service Level Agreement with planning authority and stakeholder engagement plans in place
- **Staff capacity & capability** – Development procedures, competency framework and ongoing capacity building resources in place
- **Construction market** – Update budgets and performance indicators to reflect increases in cost of construction and using frameworks to reduce procurement timescales.
- **Housing market**– Maintaining prudent revenue projections, regular review of tenures and developing sales strategies that capture early interests.
- **HRA affordability**– Amending project specifications in response to market conditions and adjusting wider programme to offset cost overruns
- **Reputational damage** – driving progress to meet targets and maintaining continuous dialogue with GLA





Gateway Process

Gateway 0

Pipeline development focusing on identification larger sites

Pipeline Site Identification:

- Led by Regeneration & Growth team
- Identify General Fund and HRA sites
- Undertakes site due diligence
 - Title report
 - Desktop surveys and studies
 - Appropriation
 - Minimum and maximum capacity estimates with initial discussions with planners

Risks Control Measures

Initial due diligence ensures sites are developable.
Resolving issues such as title restrictions and appropriation

Gateway 1

Pipeline development focusing on identification larger sites

Authority to Proceed to Feasibility:

- Post site identification and due diligence, includes visual inspection of site, title search and initial capacity review.
- Officers complete site brief detailing opportunities, risks and constraints; includes review of social & political factors that might influence deliverability.
- Aim is to gather as much information as possible with minimal expenditure
- Head of Development approval enables expenditure against feasibility budget

Risks Control Measures

- Site Brief reviewed/assured by senior development officers
- Minimal expenditure prior to authority
- Authority to proceed limited to initial feasibility assessment (RIBA stage 0 - 1)

Gateway 2

Viability Benchmark updated in response to cost inflation*

- £400k build cost per unit
- NPV of -£50k per unit
- IRR of 3.5%
- Loan Repayment Term of 50 years or less

* Approved at 16 Feb 2022 Cabinet and subject to Full Council approval

Investment Decision (DAR)

- Post initial feasibility study – this included a high level cost plan and project plan and a development appraisal on Proval
- Officer update Project Brief and submit with a DAR
- The DAR:
 - agrees the viability and deliverability (consultation feedback, project plan and risk mitigations) assessment;
 - approves establishment of allocated capital budget based on outcome of financial stress testing
 - approves appointment of project team (architect and sub-consultants, QS, PD, EA and CoW); and
 - agrees approach for enabling and main contractor procurement.
- Approval converts scheme to a capital project

Risk Control Measures

Promotes early capture of opportunities and risk mitigation in financial model

DAR implications process calls enable objective critical review at junction where change is inexpensive

Planning SLA will ensure consent is granted at least 1 year ahead of start on site

Authority to Proceed to Planning Submission

- Post scheme development and consultation
- Officers update Project Brief with updated cost plan and viability assessment and submit draft Design & Access Statement
- Board approval freezes design development for planning submission and contractor procurement
- Where there are shared ownership and private sales units proposed, Board agrees sales and marketing strategy

Risk Control Measures

Allows a pause to assess performance against quality, progress and financial parameters

Freezing design controls abortive costs at point when majority opportunities should be realised and risks are known

Authority to Proceed to Contractor Procurement

- Post planning submission (and preferably planning consent)
- Officers update Project Brief with updated cost plan and viability assessment based Stage 3 (or 3+) drawings
- Board approve procurement approach

Risk Control Measures

Allows assessment of market conditions and its potential impact on performance against quality, progress and financial parameters against

Gateway 4

Developing expertise in emerging procurement and contract management best practice and in modern methods of construction

Contract Award (DAR)

- Post tender
- Officers update project brief with known costs, financial, quality and programme information and submit with DAR
- The DAR
 - approves award to contractor for tendered contract sum over project period
 - agrees project specification/requirement (and value engineering proposed)
 - agrees risks and contingency budget
 - confirms viability of project based on outcome of stress testing
 - confirms supplier/contractor's capacity & resilience

Risk Control Measures

- Greater costs and programme certainty allows for better control
- Introduce PCSAs, where appropriate, to manage risks realised at technical design and mobilisation/enabling stage, where probability of cost increase is high
- Liability clauses within the contract regularly reviewed to limit Council's exposure to uncertainty
- Minimum 10% contingency budget

Authority to Accept Practical Completion & Handover

- Post final snagging
- Officers report on handover process and project outcomes and outputs; including retention sum and estimated final accounts. Also confirm project has complied with planning and grant conditions.
- Where there are sale units, officers update on implementation of sales and marketing and market conditions. Also, whether mitigations (e.g. buyer incentives) are needed.
- Approval enables PC and handover

Risk Control Measures

Income realisation risks can be better mitigated at this point

Cost variation managed through retention sum and controlling risks likely to arise during defects liability period

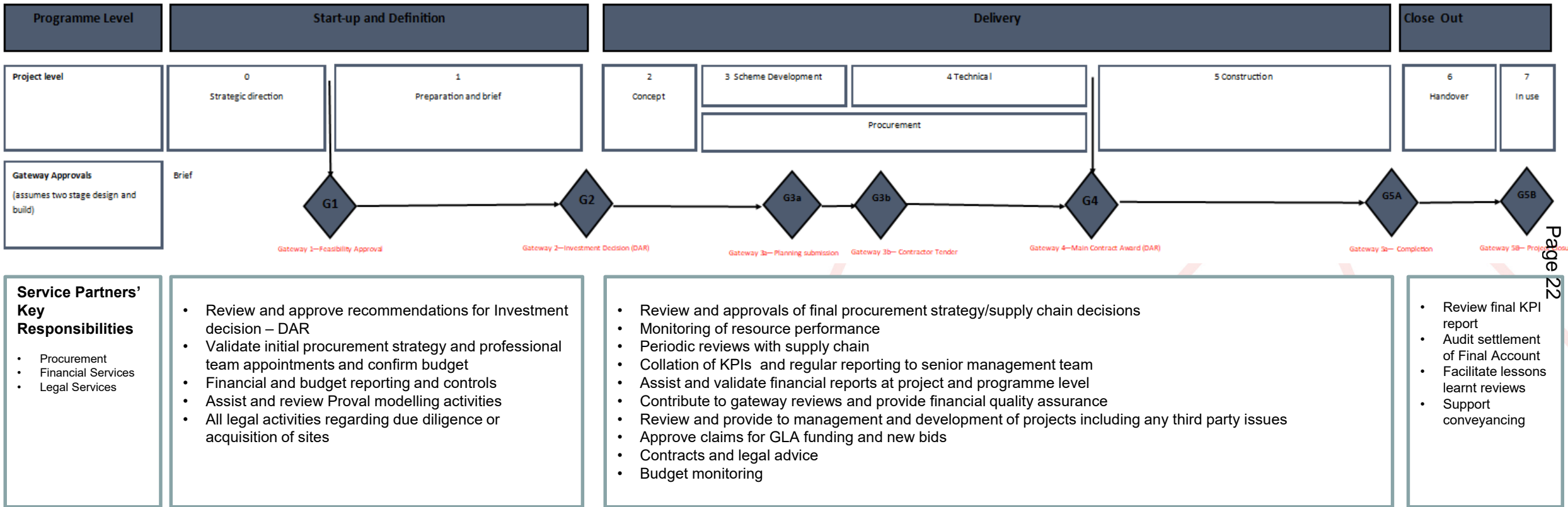
Authority to Close Project

- Post DLP and at 100% occupancy
- Officers report on post-occupancy surveys, lessons learnt and benefits realised.
- Officers provide final project account – including capital receipts realised, any overage paid and final profit/loss position.
- Approval ends project and documents are archived.

Risk Control Measures

Lesson learnt and benefits logs enable learning and organisational maturity.

Gateway Interface with Service Partners



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London Borough of Enfield**General Purposes Committee****26 July 2022**

Subject:	Annual Internal Audit Report 2021-22
Cabinet Member:	Cllr Tim Leaver, Cabinet Member for Finance and Procurement
Executive Director:	Fay Hammond, Executive Director Resources
Key Decision:	N/A

Purpose of Report

1. The Annual Internal Audit Report 2021-22 (**Annex A**) summarises:
 - the results of the work that the Internal Audit team has undertaken during 2021-22
 - the continued work of the Head of Internal Audit and Risk Management in collaboration with the internal Assurance Board to target limited resources at the highest priority services
 - the opinion of the Head of Internal Audit and Risk Management that there is **Reasonable** assurance over the arrangements for governance, risk management and internal control in the London Borough of Enfield
 - the actions the Internal Audit team will implement to ensure the continuous improvement of the service

Proposal

2. The General Purposes Committee is requested to note the contents and provide comment on the Annual Internal Audit Report 2021-22.

Reason for Proposal

3. 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 Internal Audit through periodic and annual reports.

Relevance to the Council's Plan

Good Homes in Well-Connected Neighbourhoods

4. 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

5. 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

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

Background

7. 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 Internal Audit through periodic and annual reports.
8. 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.
9. The PSIAS also require the Head of Internal Audit and Risk Management's annual report to include an opinion of the overall adequacy and effectiveness of the organisation's framework of governance, risk management and internal control. For 2021-22, the Head of Internal Audit and Risk Management's opinion is that there is **Reasonable** assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control.
10. Additionally, it is a requirement of the PSIAS that an external assessment of the Internal Audit function is conducted every five years by a qualified and independent assessor from outside the organisation. Such an assessment was carried out in 2019-20 and therefore was not required in 2021-22. However, an internal self-assessment has been carried out and details of actions to be taken to ensure continuous improvement of the service are outlined in the Internal Audit Quality Assurance Improvement Plan which forms part of the Annual Internal Audit Report 2021-22.

Main Considerations for the Council

11. 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. Through the Assurance Board, the Council has sought to target the available audit resources at services that require the greatest levels of assurance.
12. During 2021-22, the Council continued to improve its risk management procedures. It is recognised that the Council needs to continue to build on its successes in this area as outlined in the 2022-23 Risk Management Strategy and Risk Operating Plan presented to the General Purposes Committee on 3 March 2022.
13. The Internal Audit team works closely with senior managers in the identification and mitigation of risk. The Assurance Board, with membership consisting of the Council's Statutory Officers and Internal Audit, is seen as a best practice approach by the Head of Internal Audit and Risk Management.
14. As an impact of the Covid-19 pandemic, a hybrid working model was adopted for 2021-22.
15. The Internal Audit team was, in most cases, unable to visit schools during 2020-21, therefore testing requiring a physical attendance at schools was postponed into one single audit carried out in 2021-22.
16. While planning audits, Internal Audit identified any Covid-19 related changes that had been made to processes and ensured these were fully factored into the audit work carried out. Additionally Internal Audit took account of specific restrictions in place and ensured the timing of the audits did not place unnecessary pressure on individual services. **Annex A** shows that flexibility was applied to the 2021-22 audit plan to take account of circumstances such as these.
17. As well as hybrid working being a new challenge for Internal Audit, this was also a new challenge for audit clients. Internal Audit adopted a variety of methods to efficiently exchange information with clients based on individual circumstances.
18. In 2021-22, 59 audits (2020-21: 49) were commissioned through the Council and monitored by the Assurance Board, of which 38 (2020-21: 27) received an assurance rating.
19. 27 audits that received an assurance opinion were targeted at key corporate services and 11 were schools' audits. This compares to 19 corporate audits and 8 schools' audits in 2020-21.
20. The assurance opinion levels available are:
 - Substantial
 - Reasonable
 - Limited
 - No

The definitions underlying each of these levels are outlined in Appendix 3 of the Annual Internal Audit Report 2021-22 (**Annex A**).

By definition, the bar for attaining a Substantial rating is set high, so not many audits achieve this rating.

21. The assurance opinions in 2021-22 compared to 2020-21 are:

	2021-22		2020-21	
		%		%
Substantial	1	3%	4	15%
Reasonable	21	55%	12	44%
Limited	14	37%	10	37%
No	2	5%	1	4%

As can be seen from the above table, there has been little movement in the year on year assurance opinion profile.

22. In total, 278 actions for improvement have been discussed and agreed with management, including one action addressing a critical risk finding and 25 actions addressing high risk findings. The Council continues to make good progress in implementing actions.

Safeguarding Implications

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

Public Health Implications

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

26. 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

27. The Internal Audit team supports management in the identification and mitigation of risks 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

28. N/A

Financial Implications

29. 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 Officer 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 Regulations 2003 (England and Wales), 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.”
30. The role of Internal Audit supports this by undertaking a review of the controls in place. The Internal Audit Plan set out in partnership to achieve this by:
- 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
 - 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
31. 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.
32. As Section 151 Officer, I am confident in the management team and the organisation’s commitment to continue to work on implementing the actions necessary and that overall the key financial safeguards are in place. The ongoing review of our key control systems will continue over the coming year to ensure that overall the finances continue to be well governed.

Legal Implications

33. 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)).

34. The Accounts and Audit Regulations 2015 (the '2015 Regulations') places an obligation on local authorities to maintain a system of internal audit whereby it:
- facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - ensures that the financial and operational management of the authority is effective; and
 - includes effective arrangements for the management of risk.
35. The Internal Audit team 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.
36. 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.
37. This report addresses the statutory obligations for local audit processes. The Local Government Act 1972 and subsequent legislation sets out a duty for the Council and other Councils to make arrangements for the proper administration of their financial affairs. This report also complies with the requirement of the following:
- Local Government Act 1972
 - Accounts and Audit Regulations 2015
 - CIPFA/IIA: Public Sector Internal Audit Standards (PSIAS)
 - CIPFA/IIA: Local Government Application Note for the UK PSIAS
38. The provision of an Internal Audit team is integral to the financial management at the Council and assists in the discharge of its duties.
39. There are various obligations upon the Council regarding ensuring that its business is conducted in accordance with the law and proper standards. This includes the duty (under the Local Government Act 1999) to make arrangements to secure continuous improvement, to have an Annual Governance Statement (Account and Audit Regulations 2015) and to undertake a review of the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards and guidance.

Workforce Implications

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

Property Implications

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

Other Implications

42. N/A

Options Considered

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

Conclusions

44. The General Purposes Committee is requested to note:

- the work completed by the Internal Audit team during 2021-22 and the themes and outcomes arising from this work
- the opinion of the Head of Internal Audit and Risk Management that there is **Reasonable** assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal controls

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Date of report: 14 July 2022

Appendices

Annex A: Annual Internal Audit Report 2021-22

Background Papers

None

Annex A



Internal Audit Annual Report 2021-22

July 2022

Contents

Item	Page
Summary of Internal Audit Work	2 - 4
Annual Audit Opinion	5 - 6
Analysis of Internal Audit Work	7 - 13
Key Themes Identified	14 - 15
Internal Audit Quality Assurance	16 - 17
Appendix 1 Detailed Analysis of 2021-22 Internal Audit Reviews	18 - 22
Appendix 2 Changes to the 2021-22 Plan	23 - 25
Appendix 3 Assurance Levels and Risk Ratings	26
Appendix 4 Limitations and Responsibilities	27
Appendix 5 Internal Audit Quality Assurance Improvement Plan	28 - 31
Appendix 6 No and Limited Assurance Audits	32 - 55

Summary of Internal Audit Work

Internal Audit

This report summarises the internal audit work undertaken during 2021-22 and provides an overview of the effectiveness of controls in place during the year.

In 2021-22, 59 assignments were undertaken, and audit opinions were given for 38 of these assignments. The remaining assignments included grant certifications, follow ups to previous audits and standalone advisory assignments for which no opinion was stated.

A summary of all audits completed during the year is included in **Appendix 1**.

Internal Audit Purpose and Mission

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

Governance

The Head of Internal Audit and Risk Management reports functionally to the General Purposes Committee and administratively to the Section 151 Officer. Additionally, the Assurance Board takes a key role in overseeing the work of the Internal Audit team. Briefly the functions carried out by the General Purposes Committee and the Assurance Board are:

General Purposes Committee

- reviews and approves the Internal Audit Charter annually
- reviews and approves the Internal Audit Plan annually
- receives regular progress reports on the Internal Audit Plan and implementation of agreed audit actions

Assurance Board

- reviews the Internal Audit Plan annually
- reviews progress against the Internal Audit Plan
- reviews the implementation of agreed audit actions
- receives verbal updates from owners of Limited or No assurance audits and from owners of overdue audit actions

Internal Audit Plan 2021-22

An Internal Audit Plan covering the financial year 2021-22 was agreed with the General Purposes Committee on 4 March 2021. As the year progressed, Internal Audit continued to liaise with Executive Directors, Directors and Heads of Service and changes to the plan were made as a result. These changes are outlined in **Appendix 2**.

Internal Audit Methodology

Our audits are conducted in accordance with the Council's internal audit methodology which is in compliance with the Public Sector Internal Audit Standards (PSIAS).

Terms of reference are agreed for each piece of work with the audit owner, identifying the scope and objectives of the audit as well as identifying key risks and controls. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Our reporting methodology is based on four assurance levels in respect of our overall conclusions as to the design and operational effectiveness of controls within the system reviewed - Substantial, Reasonable, Limited or No assurance. An element of judgement will always be required when deciding upon the appropriate assurance level. Details of the assurance levels are given in **Appendix 3**.

Where it is not appropriate to provide an opinion, audit work is reported in the form of a management letter, which may include an action plan for improvement depending on the nature of the review. Results are reported in the form of a management letter for the following types of assignment:

- review of grant claims and the Mayor's charity financial statements
- follow-up of managers' progress with the implementation of recommendations from previous audit work
- where the system of control has changed recently, such that there was insufficient evidence of current controls in operation to facilitate testing of their effectiveness
- where management requests internal audit advice to assist in the design of a new or improved control framework
- where management requests an internal audit review to analyse or investigate areas of concern or known weakness and advise on the improvements needed.

The Head of Internal Audit and Risk Management has responsibility for services which, although related, are outside of the remit of the Internal Audit team. These services are Counter Fraud, Insurance Risk Management and Data Protection. To avoid potential impairment of objectivity, these services are risk assessed alongside other Council services in formulating the Internal Audit Plan. Where reviews are required, these are undertaken by the Councils co-source partner, PwC.

Draft reports are reviewed and agreed with audit stakeholders before final reports are issued.

Audit Actions Implementation

During the review of draft reports, audit actions and implementation target dates are agreed. The Internal Audit team follow up with action owners to ensure actions are implemented by the agreed target dates and report implementation progress to the General Purposes Committee and the Assurance Board.

Annual Schools Internal Audit Report

As part of the annual Internal Audit Plan, a number of schools' audits are carried out each year. Our aim is to audit all maintained schools every 4 to 5 years. The schools' audit programme covers:

- compliance with the Scheme for Financing Schools
- compliance with the Council's Finance Manual for Schools, including the Contract Procedure Rules
- ensuring good financial, data security, asset management and business continuity practices are in place

Each year we prepare a separate Schools Internal Audit Report that is shared with school stakeholders and the General Purposes Committee.

Annual Audit Opinion

Introduction

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 and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must also include a statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.

At the London Borough of Enfield, this is achieved through a risk-based plan of work agreed with management and approved by the General Purposes Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below and set out in **Appendix 4**. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

This report forms an important input to the Annual Governance Statement, which is a key requirement of the Council's annual accounts.

Head of Internal Audit and Risk Management's Annual Opinion

The General Purposes Committee agreed to an internal audit plan covering 59 subject areas. The work programme was targeted at the Council's highest risk areas of operation. I am satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, it should be noted that assurance can never be absolute that there are no major weaknesses in the system of internal control.

Reasonable Assurance

The opinion of the Head of Internal Audit and Risk Management is that the arrangements for governance, risk management and internal control provided **Reasonable** assurance that material risks, which could impact upon the achievement of the Council's services or objectives, were being identified and managed effectively. Improvements are required in the areas identified in our reports to enhance the adequacy and effectiveness of the framework of governance, risk management and internal control.

My opinion for 2021-22 is as follows:

Basis of the opinion

The basis for forming my opinion is as follows:

- an assessment of the design and operation of the underpinning assurance framework and supporting processes
- an assessment of the range of individual opinions arising from risk based audit assignments delivered during the year

- an assessment of management's progress in addressing control weaknesses both this year and carried forward from 2020-21
- any reliance that is being placed on third party assurances
- the effects of any significant changes in the Council's objectives or systems
- cumulative audit knowledge and intelligence gathered through attendance at key meetings and other working groups
- any limitations which may have been placed on the scope or resources of internal audit

In summary, the Head of Internal Audit and Risk Management's opinion is **Reasonable** which is consistent with 2020-21. The principal reasons for this opinion are:

- the profile of audit opinions given in individual audit reports during the year remains consistent with 2020-21
- there has been a continued focus on implementing audit actions
- the risk management culture in the Council continues to improve:
 - a full refresh of the Corporate Risk Register took place in 2021-22
 - the Risk Strategy, Risk Operational Plan and Risk Manual were all revised during 2021-22
 - utilisation of the Council's risk management software for recording and monitoring Departmental, Director level and service risk registers has increased.
 - communication and training around Everyone's a Risk Manager continued

A detailed analysis of the audit work performed is given below.

Analysis of Internal Audit Work

Overview of work done

The internal audit plan was designed to be flexible, and reviews have moved in and out of the work programme during the year to accommodate the Council's changing risk profile and ability to obtain assurances from other reliable sources. This resulted in a reduction of 26 reviews from the agreed audit plan of 76 audits. However, 9 new assignments were undertaken to substitute for some of the cancelled or deferred audits, resulting in a total of 59 assignments undertaken in 2021-22. The changes were notified to the General Purposes Committee during the year and have not impacted upon the assurance opinion. Full details of changes to the audit plan are given in **Appendix 3**.

Key points to note from the delivery of the 2021-22 audit plan are:

- internal auditors were independent of the areas audited
- no significant limitations or restrictions were placed on the scope or resources of Internal Audit
- the Head of Internal Audit and Risk Management attended departmental management team meetings, Assurance Board and Executive Management Team meetings during the year to present on ongoing and planned internal audit work, including the implementation of agreed audit actions. This enabled Internal Audit to provide early input on risk management and internal control matters for key activities and projects
- Internal Audit operated a co-sourced model in partnership with PwC. This continued to provide the Council with the ability to access specialist resources especially in the areas of Finance and Digital Services
- Internal Audit follows the Public Sector Internal Audit Standards (PSIAS). The PSIAS require an independent peer review to be carried out every 5 years. This was last carried out in January 2020. This year we performed a self- assessment and the findings from this have informed our Quality Assessment Improvement Plan (QAIP). Details of the QAIP are given in **Appendix 5**
- the work of the Council's Counter Fraud team was reported to the General Purposes Committee via a separate report on 29 June 2022.

Conscious of the significant pressure on resources that the Council faces, internal auditors continued to support management by identifying potential process efficiencies and streamlining controls wherever possible.

Impact of Covid-19 Pandemic

From March 2020, Internal Audit adapted its ways of working so that audits were delivered fully remotely until government restrictions were lifted. During 2021-22 a hybrid working model was adopted and this hybrid way of working is expected to continue.

The Internal Audit team was, in most cases, unable to visit schools during 2020-21. Therefore testing requiring a physical attendance at schools was postponed into one single audit in 2021-22.

While planning audits, Internal Audit identified any Covid-19 related changes that had been made to processes and ensured these were fully factored into the audit work carried out. Additionally Internal Audit took account of specific restrictions in place and ensured the timing

of the audits did not place unnecessary pressure on individual services. **Appendix 2** shows flexibility was applied to the audit plan to take account of circumstances such as these.

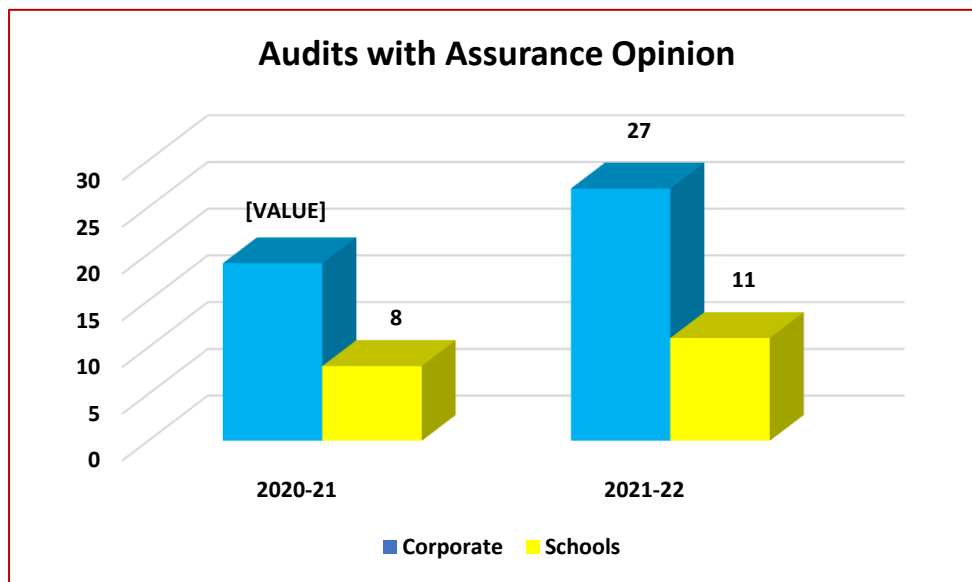
As well as remote and hybrid working being a challenge for Internal Audit, this was also a new challenge for audit clients and Internal Audit adopted a variety of methods to efficiently exchange information based on individual circumstances.

Specific Covid-19 related issues were acknowledged in audit reports.

Audit outcomes

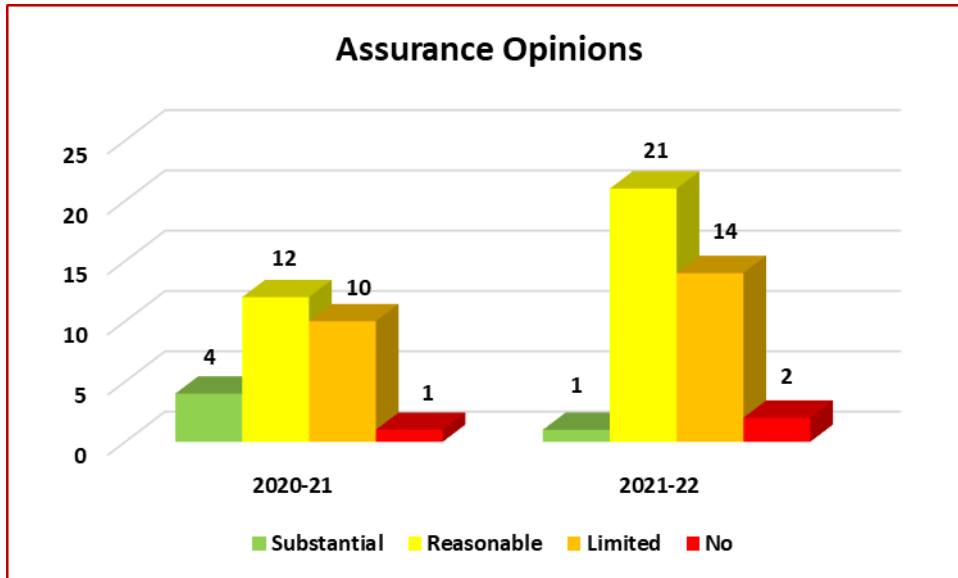
The Council’s Internal Audit Plan covered the Council’s key processes and systems and those operating in Enfield’s schools.

In 2021-22, 59 audits (2020-21: 49) were commissioned through the Council and monitored by the Assurance Board, of which 38 (2020-21: 27) received an assurance rating.

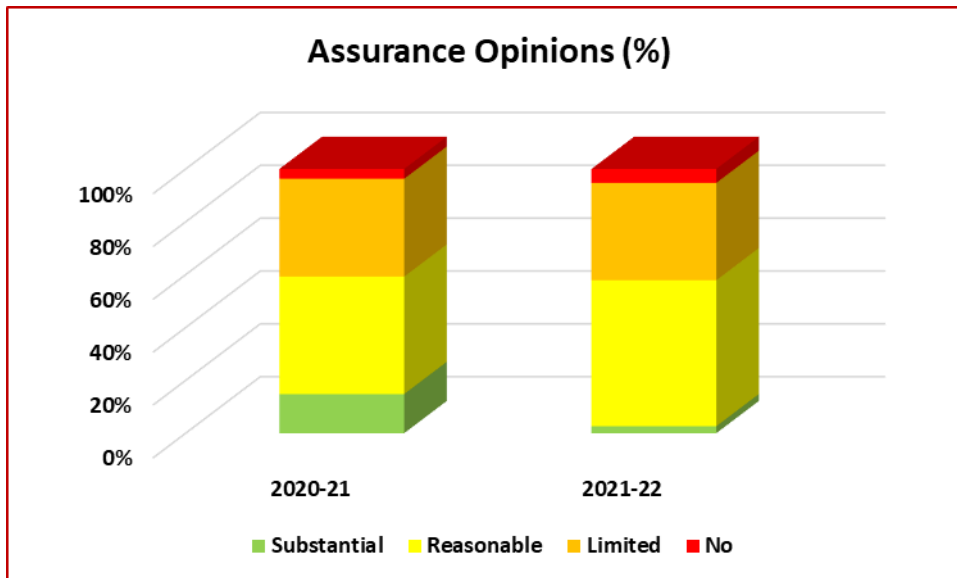


27 audits that received an assurance opinion were targeted at key corporate services and 11 were schools’ audits. This compares to 19 corporate audits and 8 schools’ audits in 2020-21.

The assurance opinions given for 2021-22 compared to 2020-21 can be summarised as follows:

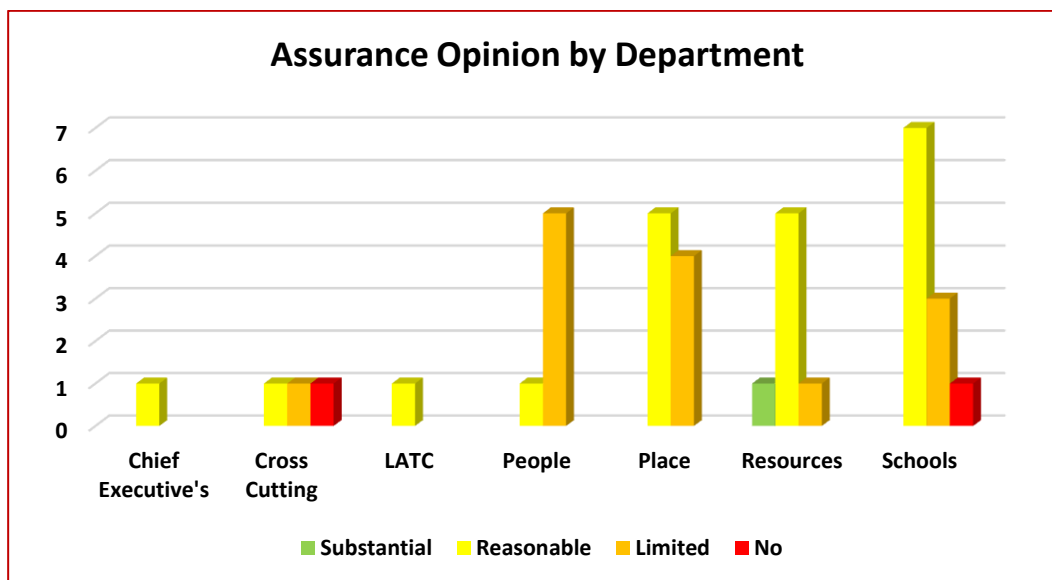


The following chart shows the assurance opinions given as a percentage of audits carried out:



As can be seen from the above charts, there has been little change in the direction of travel in terms of the assurance opinions issued in 2021-22 over 2020-21. This has contributed to the continued **Reasonable** annual opinion in 2021-22.

Analysis of audit assurance opinions for each of the Council's Departments is provided in the following chart:



Two **No** assurance opinion and 14 **Limited** assurance opinions were issued in 2021-22. These audits were:

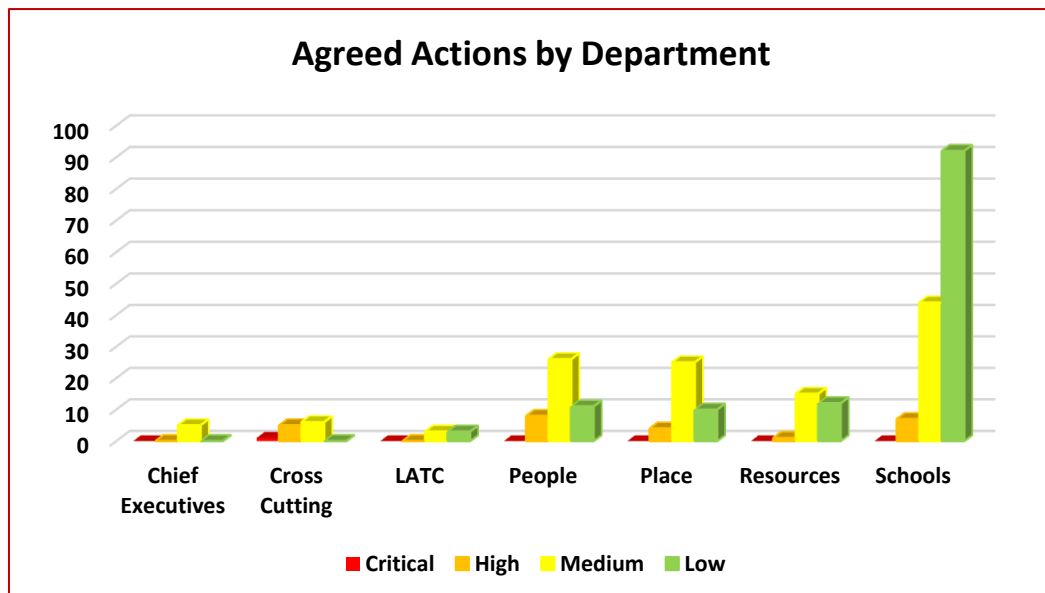
Dept.	Audit	Assurance Level	Actions			
			Critical	High	Medium	Low
Cross Cutting	DWP Revised Memorandum of Understanding 2020-21	No	1	3	-	-
Schools	St. Anne's Catholic High School for Girls	No	-	3	8	9
Cross Cutting	Leavers	Limited	-	2	3	-
People	Community Equipment Services	Limited	-	1	5	1
People	Deprivation of Liberty Safeguards	Limited	-	1	4	1
People	Financial Management of Bridgewood House	Limited	-	3	5	2
People	Primary Behaviour Support Service	Limited	-	-	7	2
People	Secondary Behaviour Support Service	Limited	-	3	4	3
Place	Community Infrastructure Levy	Limited	-	1	2	1
Place	Grounds Maintenance	Limited	-	-	7	1
Place	Meridian Water – Contract Management	Limited	-	1	2	1
Place	Oversight of Montagu LLP	Limited	-	2	3	2
Resources	Oversight of Energetik	Limited	-	1	1	1
Schools	Bush Hill Park Primary	Limited	-	2	3	8

Dept.	Audit	Assurance Level	Actions			
			Critical	High	Medium	Low
	School					
Schools	Eldon Primary School	Limited	-	1	7	-
Schools	Oakthorpe Primary School	Limited	-	1	5	8

Key findings from these audits are provided in **Appendix 6**.

Agreed actions

In total, 278 actions for improvement have been discussed and agreed with management, including one action addressing a critical risk finding and 25 actions addressing high risk findings. The actions are broken down by Department in the following chart:



The critical risk finding related to the DWP Revised Memorandum of Understanding 2020-21 audit as we could not evidence that mandatory security checks required by DWP had been fully completed. In view of this, the Council faced the risk of DWP revoking access to DWP/HMRC data which could have led to significant operational delays or the inability to deliver vital services to residents, particularly vulnerable residents. Following the audit, these checks have been fully carried out and evidenced to the satisfaction of DWP.

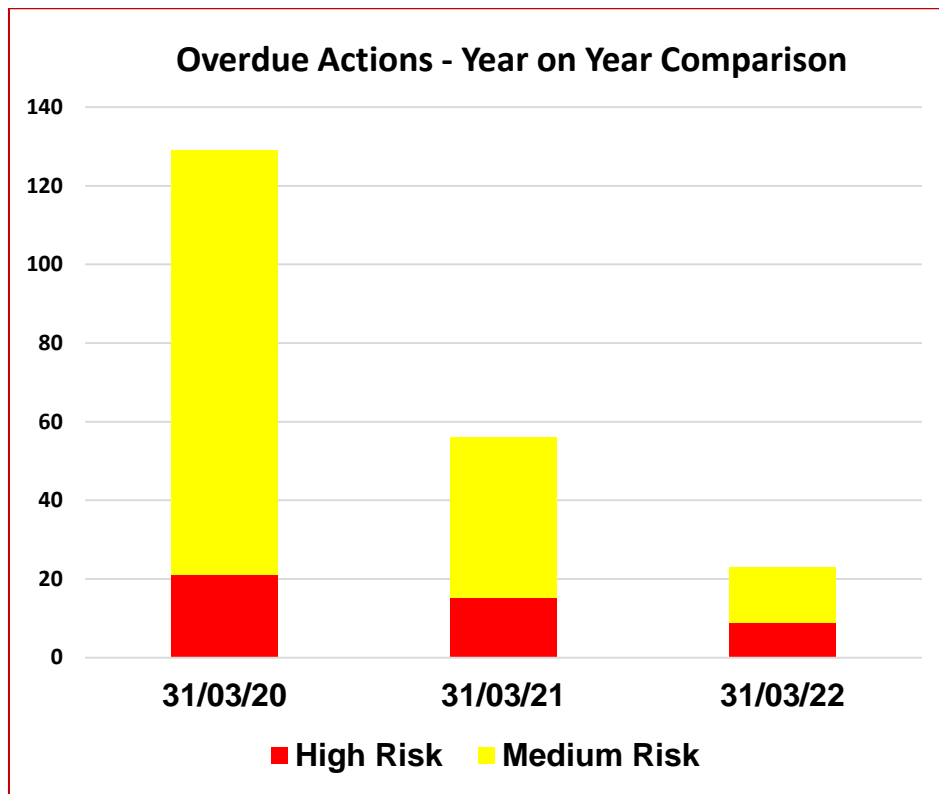
Due to the nature of the schools' audit programme it is not unexpected that a higher number of actions are allocated to schools.

Action implementation

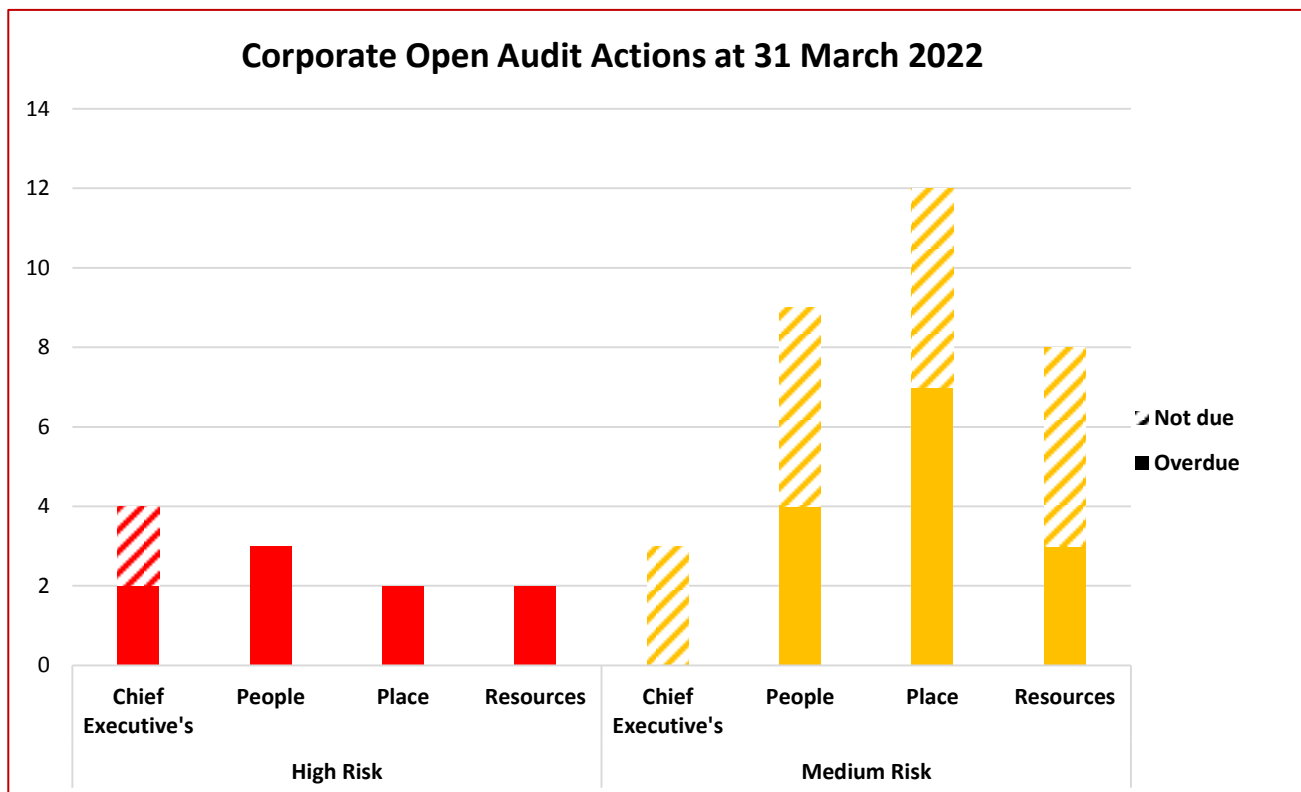
The implementation of agreed actions is tracked by the Internal Audit team and reported to the Assurance Board and the General Purposes Committee.

As can be seen from the following chart, significant progress has been made in implementing actions since 2019-20. The Assurance Board's focus on implementing actions has contributed

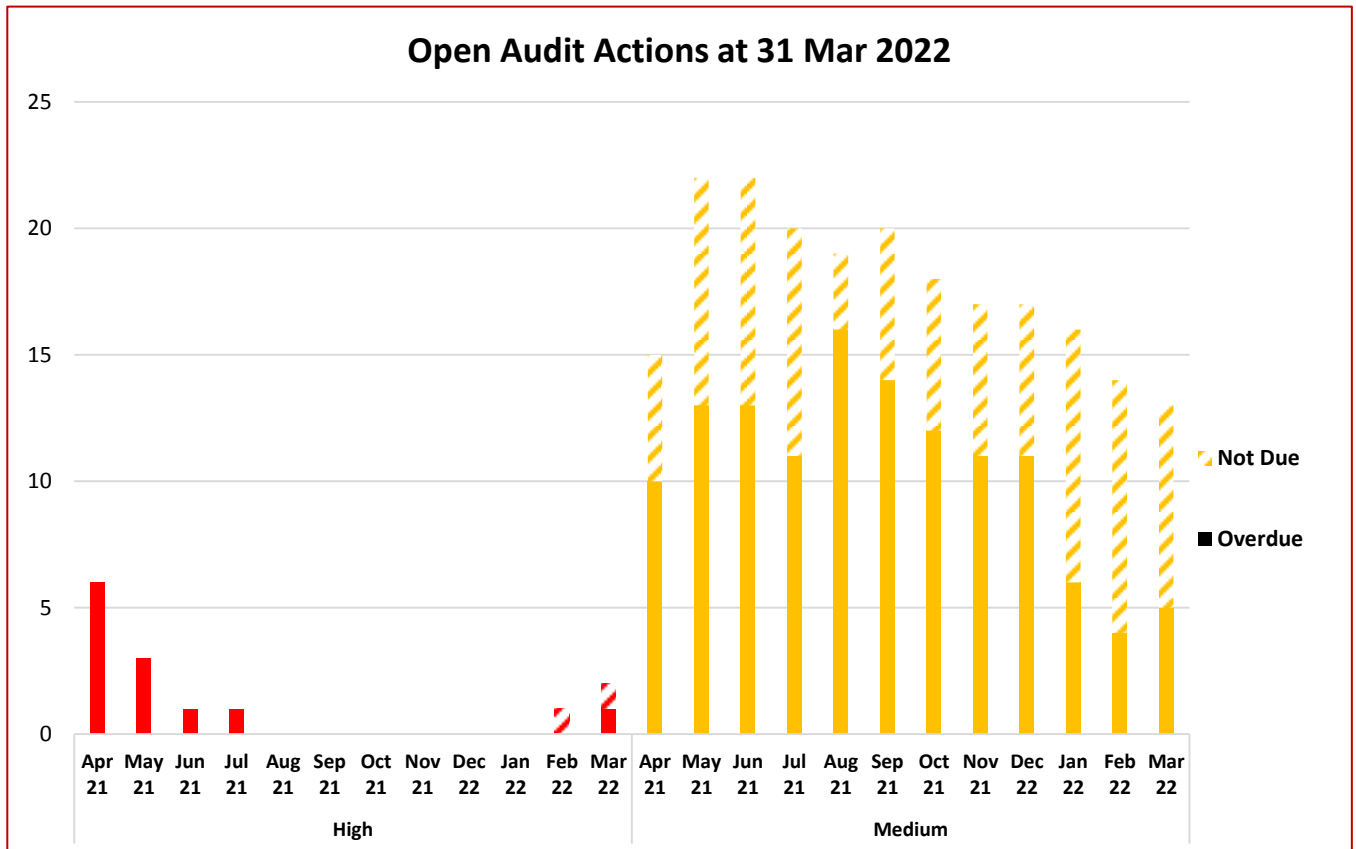
to this improvement. This progress is also a factor in the overall **Reasonable** opinion for the year.



Open audit actions at 31 March 2022 by Corporate Department is shown in the chart below:



The chart for schools also shows an improvement in action implementation:



Key Themes Identified

During 2021-22 a good level of engagement between Internal Audit and senior management has continued. This has enabled the Internal Audit team to focus on key areas of risk as well as work closely with management to formulate actions to address areas where improvement is required.

Although we have identified areas of good practice, some areas where we have identified areas for improvement are:

- **Governance arrangements**

Further improvements are required to strengthen the governance environment. In particular, we have continued to find that compliance with the Council's Contract Procedure Rules can be improved. Additionally, there is scope for better contract management practices to be put in place.

We also found there is scope for improving the wider understanding of related party transactions and conflicts of interest in relation to procuring services particularly in schools.

There is also a need for greater clarity in terms of governance arrangements particularly where several groups/boards have interest in particular areas or projects.

In some areas, policies and procedures, including authorisation and review procedures have not been kept up to date and in line with current operational practices.

The need to document and retain key checks carried out (e.g. Baseline Personal Security Standards) needs to be reinforced.

- **Performance monitoring**

In several audits we found that operational performance monitoring could be improved by the use of relevant metrics and ensuring performance is reported to and understood by relevant management levels.

- **Mandatory training**

Managers not ensuring their teams completed the Council's mandatory training was highlighted in a number of audits, We do appreciate that there are some difficulties in obtaining this information from the HR systems and acknowledge that the HR team are resolving these issues.

- **Risk Management**

The Audit and Risk Management Service continues to embed risk management into the organisation.

A revised Risk Strategy was implemented, together with a revised Risk Operational Plan during 2021-22. These were both presented to the General Purposes Committee in March 2022.

Key Risk Management improvements during 2021-22 were:

- A full refresh of Corporate Risk Register (CRR) was undertaken.

As well as consulting with internal stakeholders, we also reviewed a number of Local Authority Corporate and Strategic Risk Registers. This ensured that all emerging risks were covered. We didn't find any gaps when comparing our CRR to other authorities' risk registers.

To enable clear identification of root causes and potential impacts on risks, the format of the CRR was amended to show causes and impacts separately. Also this means the CRR is more sensitive to both external and internal events.

Two new medium risks were added during the refresh:

- CR18 Equality, Diversity and Inclusion
- CR19 Legislation, Regulations and Standards

One risk was closed during the refresh:

- CR09A Coronavirus
- The message that Everyone's a Risk Manager introduced during 2019-20 was reinforced during the year through extended risk management training that was made available to all Council staff. This enables strategic, pro-active, and holistic management of risks.
- A revised Risk Strategy and Risk Manual were published so that the most up to date information is available to all staff
- We increased utilisation of the Council's risk management software for recording and monitoring Departmental, Director level and Service risk registers.

Key planned Risk Management activities for 2022-23 are:

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

Internal Audit Quality Assurance

External Assessment

It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that an external assessment of the Internal Audit function is conducted every five years by a qualified and independent assessor from outside the organisation. Such an assessment was carried out in 2019-20 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the conclusion from this examination was that the function **partially conforms**.

Internal Assessment

Internal assessments comprise both ongoing reviews and periodic reviews. Reports of internal assessments are presented to the General Purposes Committee together with an action plan to address any areas for improvement, if necessary.

We have undertaken a self-assessment against the PSIAS, including an assessment of the progress made against the recommendations made during the 2019-20 external review conducted CIPFA.

A summary of the results of our self- assessment is:

Fully conforms	92%
Partially Conforms	5%
Non-compliant	2%

In order to ensure continuous improvement and to specifically address areas of non or partial compliance, we have developed a Quality Assurance Improvement Plan (QAIP) – see **Appendix 5**. Progress against the QAIP will be reported to future meetings.

Internal Audit Performance during 2021-22

The performance of the Internal Audit service has been measured during 2021-22 and is shown in the following table:

KPI/Quality Metric	Target	Actual
Audit plan to be delivered to draft report stage by 31 March	95%	78%*
Days from end of fieldwork to issue of draft report	15 days	15 days
Days from receipt of management comments to issue of final report	10 days	7 days
Survey responses	80%	77%
Terms of reference reviewed and approved by the Head or Deputy Head of Internal Audit and Risk Management	100%	100%

KPI/Quality Metric	Target	Actual
Supervision of engagements	100%	100%
Draft report reviewed and approved by the Head or Deputy Head of Internal Audit and Risk Management	100%	100%
Final report reviewed and approved by the Head or Deputy Head of Internal Audit and Risk Management	100%	100%

*By 30th April 2022, 95% of audits had been issued in draft

Appendix 1: Detailed Analysis of 2021-22 Internal Audit Reviews

Chief Executive's

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Mayor of the Borough of Enfield Appeal Fund 2020-21	In House	Complete	N/A – Management Letter	-	-	-	-	-
Members' Ethics	In House	Deferred		-	-	-	-	-
Organisational Development	PwC	Complete	Reasonable	-	-	5	-	-
Staff Ethical Standards	In House	Deferred		-	-	-	-	-

Cross Cutting

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Board Reporting	In House	Deferred		-	-	-	-	-
CCTV Process	In House	Complete	N/A – Management Letter	-	-	-	-	-
Contain Outbreak Management Fund (COMF)	In House	Deferred		-	-	-	-	-
Culture	PwC	Deferred		-	-	-	-	-
DWP Revised Memorandum of Understanding 2020-21	In House	Complete	No	1	3	-	-	-
Equalities	PwC	Complete	Reasonable	-	-	3	-	-
Financial and Company Governance Review	PwC	Complete	N/A – Management Letter	-	-	-	-	-
Green Homes Grant	In House	Deferred		-	-	-	-	-
Handling of Members' Post	In House	Complete	N/A – Management Letter	-	-	-	-	-
Leavers	In House	Complete	Limited	-	2	3	-	-
Lessons Learned from the Pandemic	PwC	Cancelled		-	-	-	-	-
Local Government Transparency Code	In House	Complete	N/A – Management Letter	-	-	-	-	-
Low Traffic Neighbourhoods	In House	Complete	N/A – Management Letter	-	-	-	-	-
S31 Community Testing Grant	In House	Cancelled		-	-	-	-	-
Corporate Security Board	PwC	Deferred		-	-	-	-	-

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Test and Trace Grant 20-21	In House	Deferred		-	-	-	-	-

LATC

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Customer Services	In House	Cancelled		-	-	-	-	-
Enfield Let	PwC	Complete	Reasonable	-	-	3	3	-

People

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Adoption	In House	Cancelled		-	-	-	-	-
Bus Service Operators Grant (BSOG) Certification	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Bush Hill Park Primary School	In House	Complete	Limited	-	2	3	8	2
Community Equipment Services	In House	Complete	Limited	-	1	5	1	-
Deprivation of Liberty Safeguards	In House	Complete	Limited	-	1	4	1	-
Financial Management of Bridgewood House	In House	Complete	Limited	-	3	5	2	-
Looked After Children - Financial Management	In House	Complete	Reasonable	-	-	1	2	-
Primary Behaviour Support Service	In House	Complete	Limited	-	-	7	2	1
Secondary Behaviour Support Service	In House	Complete	Limited	-	3	4	3	-
SEND Commissioning	PwC	Deferred		-	-	-	-	-
Supporting Families Grant Certification - Aug	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Supporting Families Grant Certification - Dec	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Supporting Families Grant Certification - Feb	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Supporting Families Grant Certification - Jan	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Supporting Families Grant Certification - July	In House	Cancelled		-	-	-	-	-
Supporting Families Grant Certification - June	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Supporting Families Grant Certification - May	In House	Complete	N/A – Grant Certification	-	-	-	-	-

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Supporting Families Grant Certification - Nov	In House	Cancelled		-	-	-	-	-
Supporting Families Grant Certification - Oct	In House	Cancelled		-	-	-	-	-
Supporting Families Grant Certification - Sept	In House	Complete	N/A – Grant Certification	-	-	-	-	-

Place

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
BEGIN Grant - 1	In House	Complete	N/A – Grant Certification	-	-	-	-	-
BEGIN Grant - 2	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Capital Works	PwC	Complete	Reasonable	-	-	1	2	-
Community Infrastructure Levy	PwC	Complete	Limited	-	1	2	1	-
Culture Recovery Fund Grant Certification I and II	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Culture Recovery Fund Grant Certification III	In House	Deferred		-	-	-	-	-
Garden Waste Collection Services	In House	Complete	Reasonable	-	-	3	2	-
Grounds Maintenance	In House	Complete	Limited	-	-	7	1	-
Homelessness	PwC	Complete	Reasonable	-	-	2	3	-
Housing Compliance - Safety Checks and Management of Lift Maintenance	PwC	Complete	Reasonable	-	-	5	-	-
Housing Repairs and Maintenance	In House	Deferred		-	-	-	-	-
Meridian Water - Financial Management	PwC	Deferred		-	-	-	-	-
Meridian Water - Supply Chain Risks	PwC	Deferred		-	-	-	-	-
Meridian Water – Contract Management	PwC	Complete	Limited	-	1	2	1	-
Oversight of Montagu LLP	PwC	Complete	Limited	-	2	3	2	-
Planning	In House	Deferred		-	-	-	-	-
Planning Consultation Notices	In House	Complete	N/A – Management Letter	-	-	-	-	-
Planning Service Data Quality	In House	Complete	N/A – Management Letter	-	-	-	-	-
Salix Programme	In House	Complete	Reasonable	-	-	1	-	-
Social Housing Assurance Framework	PwC	Complete	N/A – Advisory	-	-	-	-	-

Resources

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Counter Fraud	PwC	Complete	Reasonable	-	-	2	5	-
Digital Services: Contract Management	PwC	Complete	Reasonable	-	-	3	3	-
Digital Services: Cyber Security - Red Team Exercise	PwC	Cancelled		-	-	-	-	-
Key financial processes: Capital Budget Management	In House	Complete	Reasonable	-	-	3	2	-
Key financial processes: Financial Management of the Housing Revenue Account	PwC	Complete	Substantial	-	-	1	1	-
Key financial processes: Pensions - Fund/payroll contributions	PwC	Complete	Reasonable	-	-	2	-	-
Key financial processes: Revenue Budgeting and Forecasting	PwC	Complete	Reasonable	-	-	3	-	-
Oversight of Energetik	PwC	Complete	Limited	-	1	1	1	-
Procurement Social Value		Cancelled		-	-	-	-	-
Transformation Projects		Cancelled		-	-	-	-	-
Use of Spreadsheets	PwC	Deferred		-	-	-	-	-
Web Content Accessibility Guidelines 2.1 (WCAG 2.1)	PwC	Deferred		-	-	-	-	-

Schools

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Chase Side Primary School	In House	Complete	Reasonable	-	-	3	4	2
De Bohun Primary School	In House	Complete	Reasonable	-	-	4	11	2
Eldon Primary School	In House	Complete	Limited	-	1	-	7	1
Firs Farm Primary School	In House	Complete	Reasonable	-	-	4	10	-
Oakthorpe Primary School	In House	Complete	Limited	-	1	5	8	3
Prince of Wales Primary School	In House	Complete	Reasonable	-	-	6	13	3
St Andrew's Southgate CE Primary School	In House	Complete	Reasonable	-	-	2	5	3

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
St Anne's Catholic High School for Girls	In House	Complete	No	-	3	8	9	1
St Michael at Bowes CE Primary School	In House	Complete	Reasonable	-	-	2	3	-
St. Paul's CE Primary School	In House	Complete	Reasonable	-	-	3	13	1
Schools Physical Asset Verification Testing from 2020-21	In House	Complete	N/A – Management Letter	-	-	4	1	-

Appendix 2: Changes to the 2021-22 Plan





The Council's Internal Audit Plan is flexible to ensure that the audit resource available is focused on the key risk areas. Therefore, reviews have been removed or added to the Plan during the year. The changes have not impacted on the level of assurance that has been obtained over key risks across the Council. The table below sets out the key changes to the 2021-22 Internal Audit Plan.





Area	Audit	Change	Explanation
Chief Executive's	Culture	-1	Agreed with the 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.
Chief Executive's	Members' Ethics	-1	Due to the change of Monitoring Officer and local elections in May 2022, this audit has been deferred to 2022-23.
Chief Executive's	Staff Ethical Standards	-1	Agreed with the Director of HR & OD that due to unforeseen staffing issues in the Internal Audit team this has been deferred to 2022-23.
Cross Cutting	Board Reporting	-1	Due to unforeseen resourcing issues in the Internal Audit team, this has been deferred to 2022-23.
Cross Cutting	Test and Trace Grant	-1	Advised by Finance that submission of the grant certification is not required until June 2022, therefore this has been deferred to the 2022-23 plan.
Cross Cutting	Contain Outbreak Management Fund	-1	Advised by Finance that submission of the grant certification is not required until June 2022, therefore this has been deferred to the 2022-23 plan.
Cross Cutting	S31 Community Testing Grant	-1	Advised by Finance that no Internal Audit work is required.
Cross Cutting	Lessons Learned from the Pandemic	-1	As a priority 3 audit, agreed with the Head of Internal Audit & Risk Management that this audit is no longer required.
Cross Cutting	Green Homes Grant	-1	Advised by the Asset Manager that grant certification was not required until April 2022, therefore deferred to the 2022-23 plan.
Cross Cutting	Low Traffic Neighbourhoods	+1	Requested by Executive Director Resources
Cross Cutting	Handling of Members' Post	+1	Requested by Chief Executive

Area	Audit	Change	Explanation
Cross Cutting	CCTV Process	+1	Requested by Executive Director Resources
LATC	Customer Services	-1	Agreed with Energetik to reconsider in 2022-23 as new process improvements are being embedded.
People	Adoption	-1	Agreed with the Executive Director People that an internal audit of regionalised adoption was no longer required.
People	Supporting Families - July	-1	July testing cancelled at client request and was included in August testing.
People	Supporting Families - October	-1	October testing cancelled at client request and was included in December testing.
People	Supporting Families - November	-1	November testing cancelled at client request and was included in December testing.
People	Looked After Children – Financial Control	+1	Following the cessation of the ContrOcc project, to confirm that the introduction of a new control system is appropriate and working effectively.
People	SEND Commissioning	-1	Deferred to 2022-23.
Place	Planning	-1	Agreed with the Assurance Board to defer to 2022-23 as two other planning audits took place in 2021-22.
Place	Housing Repairs and Maintenance	-1	Agreed with the Director of Housing and Regeneration to defer to 2022-23 due to ongoing delays in the implementation of the new Civica system.
Place	Meridian Water – Supply Chain Risks	-1	Agreed with the Director of Development to defer to 2022-23.
Place	Meridian Water – Financial Management	+1	Added to the 2021-22 plan in place of Meridian Water – Supply Chain Risks and to confirm that appropriate financial management processes and controls are in place and working effectively.
Place	Meridian Water – Financial Management	-1	Agreed with the Director of Development to defer to 2022-23.
Place	Culture Recovery Fund Grant (phases I and II)	+1	Requested by Head of Service
Place	Culture Recovery Fund Grant (phase III)	+1	Requested by Head of Service
Place	Culture Recovery Fund Grant (phase III)	-1	Deferred to the 2022-23 plan as the submission deadline was 30 April 2022.
Place	Planning Service Data Quality	+1	Requested by Chief Executive

Area	Audit	Change	Explanation
Place	Planning Consultation Notices	+1	Requested by Executive Director Place
Resources	Transformation Projects	-1	Agreed with Executive Director Resources to include in 2022-23 plan.
Resources	Procurement Social Value	-1	Agreed with Executive Director Resources to defer to 2022-23 given ongoing work in this area. However as part of the 2022-23 audit planning process, this audit was not considered a priority.
Resources	Web Content Accessibility Guidelines 2.1 (WCAG 2.1)	-1	Agreed with the Head of Service to defer to Q1 2022-23.
Resources	Digital Services Cyber Security Red Team Exercise	-1	Agreed with Executive Director Resources that due other similar exercises being undertaken by Digital Services this review was no longer required.
Resources	Use of Spreadsheets	-1	Agreed with Executive Director Resources to defer to 2022-23 to allow new Finance Director involvement.
Resources	Security Panel	-1	Agreed with Executive Director Resources to defer to 2022-23.
	TOTAL	-17	

Appendix 3: Assurance Levels and Risk Ratings

Level of assurance	
Substantial 	No significant improvements are required. There is a sound control environment with risks to key service objectives being well managed. Any deficiencies identified are not cause for major concern.
Reasonable 	Scope for improvement in existing arrangements has been identified and action is required to enhance the likelihood that business objectives will be achieved.
Limited 	The achievement of business objectives is threatened and action to improve the adequacy and effectiveness of the risk management, control, and governance arrangements is required. Failure to act may result in error, fraud, loss or reputational damage.
No 	There is a fundamental risk that business objectives will not be achieved, and urgent action is required to improve the control environment. Failure to act is likely to result in error, fraud, loss or reputational damage.

Risk rating	
Critical 	<p>Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale & service performance. Mass strike actions etc.</p> <p>Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council, members or officers.</p> <p>Cessation of core activities, Strategies not consistent with government's agenda, trends show service is degraded. Failure of major Projects – elected Members & SMBs are required to intervene</p> <p>Major financial loss – Significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council; Critical breach in laws and regulations that could result in material fines or consequences</p>
High 	<p>Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff. Significant impact on the reputation or brand of the organisation; Scrutiny required by external agencies, Audit Commission etc. Unfavourable external media coverage.</p> <p>Noticeable impact on public opinion</p> <p>Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome med – term difficulties High financial loss Significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences</p>
Medium 	<p>Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff.</p> <p>Moderate impact on the reputation or brand of the organisation; Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage.</p> <p>Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service action will be required.</p> <p>Medium financial loss - Small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences</p>
Low 	<p>Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale Internal Review, unlikely to have impact on the corporate image. Minor impact on the reputation of the organisation. Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule. Handled within normal day to day routines. Minimal financial loss - minimal effect on project budget/cost. Minor breach in laws and regulations with limited consequence.</p>

Appendix 4: Limitations and responsibilities

Limitations inherent to the internal auditor's work

Our work has been performed subject to the limitations outlined below.

- **Opinion**

The opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. Therefore, management and the General Purposes Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

- **Internal control**

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

- **Future periods**

Our assessment of controls relating to Enfield Council is for the period 1 April 2020 to 31 March 2021. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate

- **Responsibilities of management and internal auditors**

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Appendix 5: Internal Audit Quality Assurance Improvement Plan

Standard	Compliance	Observations	Action	Target Date
<p>Core Principles for the Professional Practice of Internal Auditing - Communicates Effectively</p>	Conforms	<p>There is effective communication through regular attendance at, Departmental Management Team (DMT), Executive Management Team (EMT) meetings as well as Assurance Board and General Purposes Committee. All attendance is supported with comprehensive written progress reports. Communication is accurate, objective, clear, concise, constructive, complete and timely.</p> <p>However, a greater awareness of good controls, and the audit process more generally across the Council, may aid understanding and improve the working relationships during the audit process.</p>	<p>Develop an Internal Audit Communications Plan to provide help and understanding around good controls and the audit process more generally.</p>	<p>30 September 2022</p>
<p>Core Principles for the Professional Practice of Internal Auditing - Is insightful, proactive, and future-focused?</p>	Partial	<p>Internal Audit works closely with audit clients to understand their service areas, the risks they face and any upcoming changes whether those be legislative or otherwise. As a result, we aim to make our findings insightful and forward thinking. Our scoping checklist includes questions and activities (such as carrying out independent research) to further</p>	<p>As part of continuous improvement of the service, we improved our terms of reference and reporting to demonstrate how our audits add value. We strive to ensure our reports are insightful and future focused.</p> <p>We continue to attend relevant training and webinars and discuss issues at team meetings.</p>	<p>On-going</p> <p>On-going</p>

Standard	Compliance	Observations	Action	Target Date
		these aims also. Our formal PSIAS review highlighted that this is an area we need to improve on, and we are working on this.		
Code of Ethics	Conforms	This is now a regular agenda item for team meetings.	As part of continuous improvement of the service, we will continue to ensure team meeting discussions explore specific topics and debate potential examples to further improve knowledge and awareness	On-going
Standard 1200 – Proficiency	Conforms	<p>Internal auditors have professional qualifications or are qualified by experience. Where appropriate, auditors undertake continuous professional development in accordance with the requirements of their professional body.</p> <p>All auditors are encouraged to undertake training, attend external courses/webinars – e.g. CIPFA or CIIA - and network and training opportunities within the Cross Council Assurance Service, part of the PWC framework contract.</p> <p>Although auditors have a record of their own training and development requirements and discussions with line managers, we do not currently hold a central record in order to identify individual and common</p>	<p>Develop a training matrix to capture record of training undertaken and identify future development and training requirements.</p> <p>This will include a requirement for IT audit skills training.</p>	30 September 2022

Standard	Compliance	Observations	Action	Target Date
		training needs.		
Standard 1200 – Proficiency	Partial	The Chief Audit Executive has not completed the final steps to obtain her CIPFA qualification: it is a requirement that the CAE be professionally qualified.	Head of Internal Audit and Risk Management will complete the qualification as required.	31 October 2022
Standard 1300 – Quality Assurance and Improvement Programme	Partial	The external review by CIPFA in 2019-20, identified some required improvements. Our subsequent internal self-assessments confirmed that some of those improvements had been made, but this QAIP includes further actions required.	On-going monitoring to ensure continuous improvement within the service. Regular updates on progress of the improvement plan to be provided to General Purposes Committee. Annual self-assessment to be undertaken.	On going 31 May 2023
Standard 2000 – Managing the Internal Audit Activity	Partial	The Audit Handbook is the policy and procedures document for the delivery of audit activity. This is subject to review, but the 2022-23 review and update has not yet been undertaken.	The annual review and update of the Audit Handbook will be undertaken.	31 July 2022
Standard 2000 – Managing the Internal Audit Activity	Non-compliant	Currently there is no formal and central record of all forms of internal and external assurance provided across the Council. In 2021-22, a Value Chain Analysis was prepared to support the development of the 2022-23 Internal Audit Plan, but this was also the first	In order to ensure proper coverage, minimise duplication and prioritise resources, a pilot will be undertaken with Place Department to develop an Assurance Map. The process and outcomes will be reviewed, and lessons learnt	30 November 2022

Standard	Compliance	Observations	Action	Target Date
		stage in developing an Assurance Map that will current all forms of internal and external assurance.	used to further develop an Assurance Map for other departments across the Council.	
Standard 2200 – Engagement Planning	Conforms	<p>A terms of reference is developed for all audit engagements, covering keys risks of the area under review and how the audit will add value to the Council.</p> <p>The reports are discussed and agreed with the audit client to ensure they are factually correct, and the actions relevant and achievable.</p>	We will strive to include greater focus on the added value of audits and to provide creative and future focused solutions in our terms of reference, audit testing and reporting.	On going

Appendix 6: 2021-22 No and Limited Assurance Audits

Audit	Assurance	Detail
<p>DWP Revised Memorandum of Understanding 2020-21</p>	<p>No</p>	<p>The Memorandum of Understanding (MoU) between the Council and the Department for Work and Pensions (DWP) is an annual agreement regarding the use of DWP and Her Majesty’s Revenue and Customs (HMRC) data by the Council to provide services to residents. The information provided is sensitive and DWP takes a strict approach on how this information is handled and used. The Council must remain compliant to the terms of the MoU to be able to retain access to the data. Failure to comply with the terms and conditions of the MoU can result in DWP revoking access to its data for individual users or more seriously, all users across the Council.</p> <p>If DWP was to revoke access to the data referred to in the MoU, significant operational delays or the inability to deliver vital services to residents, particularly vulnerable residents, could result.</p> <p>During this audit, it was apparent that officers were unfamiliar with:</p> <ul style="list-style-type: none"> • the detailed terms and conditions of the MoU • the Council’s obligations • officers’ individual roles and responsibilities. <p>A portfolio of evidence had not been produced for those signing the MoU on behalf of the Council (S151 Officer and Operational Leads) or the Chief Executive, who has ultimate accountability. Also, limited collaborative working took place in relation to signing the MoU and therefore it is our view that:</p> <ul style="list-style-type: none"> • the MoU was signed despite the conditions not being met • key stakeholders were not fully informed. <p>The following critical risk finding was identified:</p>

Audit	Assurance	Detail
		<ul style="list-style-type: none"> • It is mandatory that Baseline Personnel Security Standard (BPSS) checks are carried out prior to officers being given access to the DWP/HMRC data. We could not evidence that these checks had been fully completed for 14 officers from our sample of 20. We found instances where: <ul style="list-style-type: none"> ○ Checks were completed after the officer had commenced in their current role ○ Checks were not recorded on the officers' files ○ Officers' files could not be located. <p>In addition, we were informed by Digital Services that they did not record the date when access was granted to individual users.</p> <p>This means that access to DWP/HMRC data was granted without the conditions outlined in the MoU having been met.</p> <p>Therefore, the Council faces the significant risk of DWP revoking access to the DWP/HMRC data. If DWP was to revoke access to the data, significant operational delays or the inability to deliver vital services to residents, particularly vulnerable residents, could result.</p> <p>In addition, a review of the Civica contract must be prioritised to understand what assurances are required for Civica staff who access DWP/HMRC data on our behalf and to ensure these assurances are in place.</p> <p>Section 1.1 of the MoU states:</p> <p><i>Where the conditions defined within this MoU cannot be met, it is the responsibility of the LA to inform DWP of the non-compliance and underlying cause, without delay. In response, DWP will undertake security risk management activities to assure the confidentiality of data made available by DWP and the confidentiality, integrity and</i></p>

Audit	Assurance	Detail
		<p><i>availability of departmental ICT and information systems.</i></p> <p>Therefore, consideration must be given to sharing the findings of this audit with DWP.</p> <p>Three high risk findings were identified:</p> <ul style="list-style-type: none"> • There is no overall internal governance procedure around the signing of the MoU. This is important as several services need to provide information to support the Council’s ability to sign the MoU. Not having a governance procedure in place has resulted in: <ul style="list-style-type: none"> ○ Officers’ roles and responsibilities being unclear ○ Insufficient collaborative work between each service ○ No clear guidelines on expected timescales or deadlines being in place ○ Insufficient monitoring and reporting of activities relating to the MoU ○ Access being granted to DWP/HMRC data without appropriate checks having been made and recorded. • Annual GDPR training had not been completed by all staff with access to the DWP/HMRC data. This is a mandatory Council requirement and section 5.4 of the MoU states: <p><i>LAs must ensure that before prospective users are granted access to DWP information, they successfully complete appropriate data protection training</i></p> • We expected that a portfolio of evidence to support the signing of the MoU would have been immediately available to us. However, for us to confirm compliance with the IT aspects of the MoU, we had to request specific information from Digital Services and refer back to previous audits. As Digital Services took considerable time to provide this information, we can only conclude that a proper check against the MoU was not made prior to the document being signed. Additionally, Digital Services could not provide

Audit	Assurance	Detail
		evidence that the necessary End Point Access protocols were in place nor that the Public Services Network Code of Connection certificate had been in place during the entire audit period.
St. Anne's Catholic High School for Girls	No	<p>Following Covid-19 restrictions from March 2020, St Anne's Catholic High School for Girls adapted its day to day processes for business continuity purposes by introducing remote working and rostered office attendance for those not shielding to ensure the safety of staff and pupils. The school continued to implement changes in line with Government restriction requirements when all schools reopened in September 2020 until December 2020, then again from March 2021. During this time, the school appointed a new Headteacher in 2020, the School Business Manager resigned, and a Director of Finance & Resources was appointed in 2021.</p> <p>The school is currently carrying a significant deficit. The school's 10 year deficit recovery plan is due to end in 2027. However, we were advised that the plan was reviewed in April 2022. At the end of November 2021. the school requested an increase to its rolling credit agreement with the Council, from £670k to approximately £770k to avoid going overdrawn at the end of 2021/22.</p> <p>During this audit we identified: three high risk, eight medium risk and nine low risk findings. We also identified one advisory item for management attention. This has resulted in an overall No assurance opinion.</p> <p>The following high risk findings were identified:</p> <ol style="list-style-type: none"> 1. Improvements are required to the school's ordering and purchasing processes. These improvements include ensuring HMRC employment status checks are undertaken for self-employed individuals; ensuring order forms, which should be signed and dated prior to the purchase of goods and services, are completed; and maintaining one set of financial data to avoid duplication of work.

Audit	Assurance	Detail
		<p>2. The Council’s Contract Procedure Rules (CPRs) should be complied with at all times when the school enters into and/ or renews contracts and lease agreements. Where this is not possible, a Waiver of CPRs form should be completed. In addition, all contracts and agreements, signed by the school and service provider, should be retained at the school as part of its financial records.</p> <p>3. Improvements to the reconciliation processes in place are required. Reconciliations should be completed monthly and subject to independent review. Dated signatures of both the preparer and independent reviewer should be included to confirm these checks are in place.</p> <p>A further eight medium, nine low risk findings and one advisory finding were also identified.</p>
Leavers	Limited	<p>The audit was designed to provide assurance that the Council has robust controls in place to ensure that the process around employees and agency workers leaving the Council is seamless. We specifically examined the overarching governance arrangements for the leavers process as well as the day to day administration of the leavers process in HR, Payroll, Facilities Management and Digital Services.</p> <p>During the audit we identified two high risk and three medium risk findings.</p> <p>The significant findings from the audit were:</p> <ul style="list-style-type: none"> • There is no overarching governance of the leavers process. Therefore non- compliance with the process is not monitored, reported, or escalated with the result that non-compliance is not visible and the opportunity for making improvements is lost. • Sample testing of the Facilities Management processes found: <ul style="list-style-type: none"> ○ ID cards are not consistently recovered and destroyed when employees leave the Council. This is a security risk but may also be a risk to residents if ID cards are used

Audit	Assurance	Detail
		<p>fraudulently.</p> <ul style="list-style-type: none"> ○ In four out of 10 (40%) cases tested, cards were deactivated between eight and 204 days after the official leaving date. Also, we were advised that although there had been attempts to use two of the cards internally, Facilities Management were unable to confirm if these attempts had been successful. ○ In one of the 10 (10%) cases tested, there was no record of the agency staff leaver on the ID card system (Sataeon) even although the leaver had worked with the Council for nine months. ● Only 19% of staff who left the Council between October 2021 and February 2022 completed an exit survey. Therefore, the Council is missing a valuable opportunity to improve retention and engagement through feedback on the workplace culture, day to day processes, management, and employee morale in the Council. ● Staff not complying with the Leaving the Council Procedure document, especially around sending leavers' notifications on time, is leading to e.g. access to the Council's systems and ID passes not being deactivated on time. Therefore, we have recommended that a communications campaign is put in place to remind staff of the requirements of the leavers process and the importance (e.g. in terms of security, data protection, etc.) of complying with the documented procedures. ● Although the Leaving the Council Procedure document is available on the intranet, underlying documents are not up to date and, in the case of the formal exit survey, the manual and electronic documents are inconsistent with each other. We also identified that Digital Services have an internal leavers process document that is inconsistent with the Leaving the Council Procedure document and that Facilities Management does not have an internal process document for the leavers' process. Therefore, we are recommending that Facilities Management put internal procedures in place and that as a collective, all leavers' process policies and procedure documents are updated, reviewed, and aligned.
Community Equipment Services	Limited	This review identified one high, five medium and one low risk findings, leading to a

Audit	Assurance	Detail
		<p>Limited assurance opinion.</p> <p>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.</p> <p>The following high risk finding was identified:</p> <ul style="list-style-type: none"> • The Service is not following contract procedure rules when carrying out spot purchasing. <p>The following medium risk findings were identified:</p> <ul style="list-style-type: none"> • 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.

Audit	Assurance	Detail
		<p>One low risk finding was also identified.</p>
<p>Deprivation of Liberty Safeguards</p>	<p>Limited</p>	<p>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.</p> <p>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.</p> <p>The audit testing focused primarily on the current DoLS process.</p> <p>This review identified one high risk, four medium risks and one low risk finding.</p> <p>The following high risk finding was identified:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ 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

Audit	Assurance	Detail
		<p>handle sensitive information on behalf of the Council;</p> <ul style="list-style-type: none"> ○ although the total expenditure for all providers during the current and previous financial year was £720k, no formal procurement exercise had been carried out. <p>The following medium risk findings were identified:</p> <ul style="list-style-type: none"> ● 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: <ul style="list-style-type: none"> ○ the Council’s compliance with the legislative requirement to complete assessments within 21 days; ○ progress against locally agreed performance indicators. <p>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:</p> <ul style="list-style-type: none"> ○ 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. <ul style="list-style-type: none"> ● 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.

Audit	Assurance	Detail
		<ul style="list-style-type: none"> • 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. <p>One low risk finding was also identified.</p>
Financial Management of Bridgewood House	Limited	<p>Bridgewood House is owned and managed by Enfield Council after being insourced from Independence and Well Being Enfield Ltd (IWE) in June 2020. The home is registered to provide care to 70 people and, at the time of the audit, the home was at full capacity. During the pandemic the staff at Bridgewood House adhered to Government requirements and guidance and adapted their day to day processes for business continuity purposes to ensure the safety of staff, residents, and visitors. Full Personal Protective Equipment (PPE) is worn around residents at all times.</p> <p>Our review focused on financial management aspects of Bridgewood House only. The Care Quality Commission (CQC) is responsible for assessing the care and safeguarding aspects of the home and therefore our review did not cover these areas at all. The latest CQC report for Bridgewood House was issued on 14 April 2021 and a Good rating was awarded. This was an improvement on the previous inspection in 2019 when the home was run by IWE and a Requires Improvement rating was given.</p> <p>Our review identified three high risk, five medium risk and two low risk findings. Our review highlighted control weaknesses in the home, particularly around the lack of reconciliation processes in place for residents' monies. Therefore, we have concluded that an overall Limited assurance opinion is appropriate in this case.</p> <p>The following high risk findings were identified:</p>

Audit	Assurance	Detail
		<ol style="list-style-type: none"> 1. Written processes and procedures detailing all financial roles and responsibilities in operation at the home are not in place. 2. Improvements to the reconciliation processes in place are required. For example, monthly reconciliations are not completed and appropriately approved supporting documentation is not retained for all resident expenditure. 3. We were unable to confirm that Bridgewood House has appropriate insurance cover in place in relation to valuables held in the safe on behalf of residents. In addition, regular checks to ensure the valuables held in the safe can be accounted for are not undertaken. <p>A further five medium and two low risk findings were also identified.</p>
<p>Primary Behaviour Support Service</p>	<p>Limited</p>	<p>The Primary Behaviour Support Service (PBSS) was previously similar to a Pupil Referral Unit (PRU) and was given school status. However, a change in Government regulations led to the Service being deregistered as a school and it then became a demand led Council funded service, operating at a pre-statutory level. The Service is measured against reducing the number of permanent exclusions in Enfield primary schools.</p> <p>From March 2020, the PBSS followed Government guidelines in relation to the Covid-19 pandemic. Day to day processes were adapted for business continuity purposes by introducing remote intervention to help support students who were receiving behaviour support prior to the start of the pandemic and to those in need of support as a result of the Covid-19 restrictions. The Service continued to implement changes in line with Government guidelines to ensure staff and student safety.</p> <p>The number of permanent exclusions from Enfield primary schools has reduced over the years and has remained at zero since 2018/19.</p>

Audit	Assurance	Detail
		<p>This review identified seven medium risk and two low risk findings. One advisory item for management attention was also identified.</p> <p>This review highlighted a number of control weaknesses in the Service and highlighted that additional work is required to demonstrate the Service’s value. Due to the nature of the Service and the seven medium risks highlighted; this has resulted in an overall Limited assurance opinion.</p> <p>The following medium risk findings were identified:</p> <ol style="list-style-type: none"> 1. Exceptions were identified in relation to the policies and procedures in place, including discrepancies between individual documents and the Service’s policy review cycle listing and the absence of an operational procedure document for school-based requests for involvement (RFI). 2. The PBSS has not undertaken the required annual ‘Physical Intervention Training’ since 2019. In addition, not all members of the Service had completed the Council’s mandatory training via iLearn. 3. The Service does not have a Privacy Notice in place which is in contravention of GDPR 2016/679. Also, as the Service has a statutory obligation to share students’ information for safeguarding purposes, it would be more appropriate to include a reference to the Privacy Notice rather than requesting consent from parents/carers. 4. Improvements are required to the Service’s RFI processes. These improvements include ensuring intervention record sheets are completed in full and retained on file and that all RFIs received are taken to a scheduled RFI meeting for discussion within 14 days. 5. RFI case reviews are not formally documented and do not include confirmation that the

Audit	Assurance	Detail
		<p>correct procedures were undertaken.</p> <p>6. Follow-ups are not currently required for students that have re-integrated into school following an intervention programme or advice from the PBSS, therefore the Service is unable produce monitoring reports that demonstrate its effectiveness. In addition, the informal follow-ups that are undertaken are not documented or kept on file.</p> <p>7. The most secure method of communication is not used by the PBSS when responding to RFIs received from schools.</p> <p>A further two low risk findings were also identified.</p>
<p>Secondary Behaviour Support Service</p>	<p>Limited</p>	<p>From March 2020, the Secondary Behaviour Support Service (SBSS) followed Government guidelines in relation to the Covid-19 pandemic. Day to day processes were adapted for business continuity purposes by introducing remote intervention to continue support to students. The Service continued to implement changes in line with Government guidelines to ensure staff and student safety. In addition, 'REACH Covid' was put into place, which saw the Respect, Effort, Achieve, Communication, Honesty (REACH) team adjust its intervention programmes to accommodate as many students as possible during this time. These interim arrangements will cease, and the usual REACH Service will resume in January 2022.</p> <p>The key performance measure for the SBSS is a reduction in the number of permanent exclusions in Enfield secondary schools. The number of permanent exclusions from Enfield secondary schools reduced from 57 in 2017-18 to 21 in 2018-19. This meant that in comparison to local surrounding boroughs and other London boroughs, Enfield's permanent exclusion rate improved from being the 11th highest to the 3rd lowest. In addition, of the 112 referrals made to the SBSS Outreach team during 2019-20, no students were permanently excluded.</p> <p>This review identified three high risk, four medium risk and three low risk findings.</p>

Audit	Assurance	Detail
		<p>This review highlighted a number of control weaknesses in the Service particularly around not completing and retaining supporting documentation. It is important to retain such documentation so that the Council can demonstrate it has fulfilled its duty to record and document decisions made if any challenges are made. Due to the nature of the high and medium risks identified, we feel an overall <i>Limited</i> assurance opinion is appropriate in this case.</p> <p>The following high risk findings were identified:</p> <ol style="list-style-type: none"> 1. Controls in place around data security were found to be insufficient. We were unable to determine if appropriate arrangements were in place to ensure confidential information was being held securely by Council and non-Council staff. 2. Improvements are required to the Service’s referral processes. These improvements include ensuring intervention record sheets and student progress notes are completed and retained on file in all cases. 3. There was no process, either formal or informal, in place for case reviews. We were unable to determine if the procedures were being applied correctly and consistently by all members of the SBSS or if inefficiencies or areas of improvement were being identified. <p>A further four medium and two low risk findings were also identified.</p>
Community Infrastructure Levy	Limited	<p>This review identified one high risk, two medium risk and one low risk findings.</p> <p>The following high risk finding was identified:</p> <ul style="list-style-type: none"> • Lack of clarity of the CIL and Finance teams responsibilities and processes– As part of our testing we were unable to determine the CIL team and the Finance team

Audit	Assurance	Detail
		<p>responsibilities and processes, and how both functions work together to ensure that the council complies with statutory provisions regarding expenditure per CIL legislation.</p> <p>The following two medium risk findings were identified:</p> <ul style="list-style-type: none"> • Lack of clarity and transparency over the allocation of CIL costs – We were unable to confirm whether the costs allocated to the admin pool complied with the Council’s CIL budget. • Lack of formalisation of CIL documentation - We selected a sample of 20 planning applications and tested the documentation around the eligibility for CIL and any exemptions claimed. Through this testing, we identified that the process in place is not being consistently followed by the planning officers. <p>One low risk finding was also identified.</p>
Grounds Maintenance	Limited	<p>This review identified seven medium and one low risk findings, leading to a Limited assurance opinion.</p> <p>The following medium risk findings were identified:</p> <ul style="list-style-type: none"> • At 31 December 2021 a budget overspend of £212k was identified. This was in part due to additional Covid-19 related spending but also to: <ul style="list-style-type: none"> ○ An unbudgeted recharge of £164k to support the Council’s Blue and Green Strategy ○ A grant claw back of £71k from Natural England as terms of the grant had not been complied with <p>Although requested, later budget monitoring information was not shared with us.</p> <ul style="list-style-type: none"> • Improvements are required around the authorisation of agency worker payments. • Key performance indicators for the service have not yet been finalised. • Worksheets detailing work completed are not always being signed by staff and their

Audit	Assurance	Detail
		<p>manager. Uncompleted work is not being signed off at a later date, when it is completed.</p> <ul style="list-style-type: none"> • Training records are incomplete, and a training needs matrix has not been finalised. • For services provided under the Service Level Agreement with Housing and Regeneration, costings evidencing that the service is being provided within budget were not provided. • We were unable to ascertain who is in charge of the strategy for Cooks Hole Road depot and we were unable to obtain evidence of how the rental of £12,000pa was determined. <p>One low risk finding was also identified.</p>
<p>Meridian Water – Contract Management</p>	<p>Limited</p>	<p>This review identified one high risk, two medium risk and one low risk findings.</p> <p>The following high risk finding was identified:</p> <ul style="list-style-type: none"> • Adherence to Contract Procedure Rules (CPR): We tested 5 Meridian Water (MW) procurements for adherence to the CPRs and noted that meeting minutes from all relevant Programme Boards during the procurement process had not been uploaded on to the E-Tendering system as per the CPRs. We also noted that in 3 out of the 5 (60%) procurements tested, we were unable to evidence that KPIs and risk registers capturing contractors’ risks were maintained and monitored to ensure these were operating and delivering efficiently. Additionally, the overarching Programme Board Terms of Reference (ToR) notes that the Programme Board is responsible for “managing all of the individual projects” which form part of the Meridian Water programme. However, it was noted in our walkthroughs that the items in our contract testing sample were not discussed at the Programme Board. <p>The following medium risk findings were identified:</p> <ul style="list-style-type: none"> • Purchase order process: As part of our testing, we selected a sample of 25 purchase orders (POs) to determine whether each purchase had been approved in line with the Contract Procedure Rules (CPRs), and whether Meridian Water had identified sufficient

Audit	Assurance	Detail
		<p>budget in each budget code to allow for the purchase to be made. We identified that for 2 out of the 25 POs tested (8%), we were unable to confirm the appropriate budget code as the budget code stated in the sample listing was different to the one stated on SAP.</p> <ul style="list-style-type: none"> • Meridian Water specific training: As part of our testing, we selected a sample of 2 out of 7 new joiners to see whether they had received any specific contract management or Meridian Water specific training. Upon inspection of the training records and the induction checklist, we were unable to determine whether those joiners had been provided with such training. <p>The following low risk finding was identified:</p> <ul style="list-style-type: none"> • Governance documentation: We identified inconsistencies between the overarching Governance structure
Oversight of Montagu LLP	Limited	<p>The objective of this audit was to assess the governance and financial controls in place regarding the Council's investment in the redevelopment of the Montagu Industrial Estate to ensure that Montagu LLP's operations are well controlled, operate effectively and are in line with the Council's expectations.</p> <p>This review identified two high risk, three medium risk and two low risk findings.</p> <p>The following high risk findings were identified:</p> <ul style="list-style-type: none"> • We identified that: <ul style="list-style-type: none"> ○ There are no clear internal Council governance arrangements in place in relation to the oversight of Montagu's performance. ○ The Assurance Board and Executive Management Team (EMT) meeting minutes sampled did not evidence discussions held regarding Montagu's financial performance nor the progress made against the business plan. ○ Although Property Board meetings took place throughout the audit period in scope (1 September 2020 to 31 July 2021), these meetings were not minuted. • The organisational structure within the Council was, during the audit period in scope,

Audit	Assurance	Detail
		<p>heavily reliant on one individual to oversee the Montagu project.</p> <p>The following medium risk findings were identified:</p> <ul style="list-style-type: none"> • There was no tracking and monitoring of Key Performance Indicators (KPIs) for phase 1 of the project during the audit period in scope. In addition, no reporting mechanisms were in place with regards to Montagu’s financial and operational performance during this time. • There was lack of clarity around escalation mechanisms in place with regards to the monitoring of the project’s costs. • The Operational Risk Register was not regularly reviewed and updated throughout the audit period in scope. <p>Two low risk findings were also identified.</p>
Oversight of Energetik	Limited	<p>The objective of this audit was to provide assurance that there are appropriate controls in place to ensure that the Council exercises good governance over Energetik, monitors performance and is able to react promptly to any issues. As a consequence, the repayment of loans by Energetik to the Council and the monitoring of Energetik’s connections pipeline were not covered as part of this audit.</p> <p>Areas of good practice identified in the audit included:</p> <ul style="list-style-type: none"> • Quarterly Strategic Client Group meetings are held between the Council’s representatives and Energetik to discuss operational and financial performance updates against the business plan including any issues arising from prior meetings. • The respective roles and responsibilities for both Energetik and the Council are clearly outlined in the shareholder member agreement. • Quarterly Capital Programme updates are presented to the Capital Finance Board and Cabinet to report on the funding arrangements/expenditure against the Council's 10-year Capital Programme.

Audit	Assurance	Detail
		<p>This review identified one high risk, one medium risk and one low risk findings.</p> <p>The following high risk finding was identified:</p> <ul style="list-style-type: none"> • We identified that: <ul style="list-style-type: none"> ○ there are no clear internal Council governance arrangements in place in relation to the performance of Energetik ○ internal Council reporting on Energetik performance has not been consistent throughout the audit period in scope. ○ the Commercial Board and Assurance Board meeting minutes sampled did not evidence discussions held regarding Energetik’s financial performance nor on the progress made against the business plan ○ the report presented to Cabinet in January 2022 did not provide up to date information on Energetik’s performance and lacked clarity over the level of scrutiny it had undergone. <p>The following medium risk finding was identified:</p> <ul style="list-style-type: none"> • The Energetik quarterly monitoring reports did not consistently capture the targets set against KPIs as outlined in the overarching business plan and commentary against key variances was not consistently noted. In addition, no commentary on the financial figures was captured and no cashflow information was presented. <p>The following low risk finding was identified:</p> <ul style="list-style-type: none"> • The Capital Programme Monitoring quarterly reports should be enhanced to include a separate section for Energetik, with regards to the project current costs against the budget, forecast and business plan.
Bush Hill Park Primary School	Limited	<p>This audit review identified two high risks, three medium risks and eight low risk findings. We also identified two advisory items for management attention. This has resulted in an overall Limited assurance opinion.</p>

Audit	Assurance	Detail
		<p>The following high risk findings were identified:</p> <ul style="list-style-type: none"> • The controls around the school’s Wrap Around Care processes were found to be weak with the following exceptions identified: <ul style="list-style-type: none"> - Invoices were not raised for wrap around care service between November 2021 to January 2022. As a result the school currently had non invoiced bookings of over £7,000 across 15 accounts. - We could not confirm that regular reconciliations between the income and attendance records had been completed and independently reviewed. • The controls around the schools’ procurement processes were weak as we identified the following: <ul style="list-style-type: none"> - We could not confirm pre-authorisation for purchases made on the school’s commercial card. Also, we noted that although reconciliations between the commercial card transactions and card statement took place, we could not confirm which officers performed this function as the documents were not signed and dated. - In all 15 cases tested, the terms and conditions for purchases made on behalf of the school were not provided to suppliers. - In three cases, purchase orders were not raised when engaging the services of agencies. - In five cases orders were raised either retrospectively or on the same day as the associated invoice. <p>The following medium risk findings were identified:</p> <ul style="list-style-type: none"> • There was insufficient information to confirm that: <ul style="list-style-type: none"> - Governors had approved how Pupil Premium would be spent - Sufficient financial records were maintained. • We were unable to confirm that an annual inventory check had been carried out. Also, the asset register needs to be updated to accurately reflect the location of assets as well

Audit	Assurance	Detail
		<p>as to include the date assets were purchased and details of disposed assets.</p> <ul style="list-style-type: none"> • Pre-employment checks were completed after employees had commenced employment and documentation was not submitted in a timely manner to the School's Personnel Service. <p>A further eight low risk findings were also identified.</p>
Eldon Primary School	Limited	<p>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.</p> <p>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.</p> <p>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.</p> <p>The following high risk finding was identified:</p> <ul style="list-style-type: none"> • The controls surrounding the school's procurement processes were found to be weak with the following exceptions identified: <ul style="list-style-type: none"> - 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.

Audit	Assurance	Detail
		<p>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.</p> <ul style="list-style-type: none"> - Contracts: Contract Procedure Rules (CPRs) were not consistently adhered to in several cases. We found: <ul style="list-style-type: none"> o 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; o 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; and, although a waiver was completed, there was no indication what period it was related to or when a best value exercise would be carried out; o In one case the approval of the contract was not explicitly recorded in the Governing Body minutes; and o In one case a waiver was approved after the contract had commenced. - Purchase to Pay: In several cases, purchase orders were raised retrospectively. <p>A further seven low risk findings were also identified.</p>
Oakthorpe Primary School	Limited	<p>This full audit review identified one high risk, five medium risk and eight low risk findings. We also identified three advisory items for management attention. This has resulted in an overall Limited assurance opinion.</p> <p>This audit review was undertaken during Covid-19 restrictions. Following government</p>

Audit	Assurance	Detail
		<p>guidelines, Oakthorpe School has adapted its day to day processes to ensure the safety of staff and pupils since March 2020. The school has continued to implement changes with Government requirements alongside preparing for this audit review.</p> <p>Despite the restrictions and the Limited assurance opinion, we have noted significant improvement in the control environment at the school since the last audit undertaken in 2019/20, which resulted in a No assurance opinion, and which included four high risk findings and nine medium risk findings.</p> <p>The following high risk finding was identified:</p> <ul style="list-style-type: none"> - In one out of five instances, pre-employment checks and Videpay forms were completed in advance but were not submitted to the Schools Personnel Service (SPS) before the official start date. In four of five instances, contracts of employment were issued after employment commenced. Although some staff were working from home due to Covid-19 restrictions, it is important that checks are carried out and the relevant documentation is in place prior to employment commencing. Doing so will avoid inappropriate appointments being made, which can become timely and costly to rectify. <p>The following medium risk findings were identified:</p> <ul style="list-style-type: none"> - The school's Organisational Arrangement and Scheme of Delegation had not been reviewed and updated to ensure they are complete, consistent and reflect the processes in operation at the school. - Purchase orders or pre-authorisations were consistently not in place for expenditure transactions. - We could not confirm that best value exercises had been carried out when required. Also, Governing Body minutes did not include explicit approval for the award of contracts.

Audit	Assurance	Detail
		<p>- We were unable to confirm what action had been taken to locate items which were identified in the asset register as missing. Also, we could not confirm which assets had been checked during the annual inventory check.</p> <p>- The school maintains financial records for its wrap around care services. However a reconciliation between the income received and the attendance records was not presented for review. Also the monthly bank reconciliation was not completed in full.</p> <p>A further eight low risk findings and three advisory findings were also identified.</p>

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London Borough of Enfield**General Purposes Committee****26 July 2022**

Subject:	Annual School Audit Report 2021/22
Cabinet Member:	Cllr Tim Leaver, Cabinet Member for Finance & Procurement
Executive Director:	Fay Hammond, Executive Director Resources
Key Decision:	N/A

Purpose of Report

1. This report summarises the findings from school audits undertaken in 2021/22. **Annex A** contains a draft letter due to be sent to the Headteachers, Chairs of Governors and Chairs of Finance/Resources highlighting key statistics and areas for improvement identified during the audits.
2. This letter provides Headteachers and Governors with information on common audit findings which can be used to identify risks in their own schools and helps as a prompt when completing the 2022/23 Schools Financial Value Standard returns as required by the Department for Education (DfE).
3. Based on feedback from schools and Internal Audit, Education Services developed a financial management training programme in 2021/22 as a way to improve/reduce audit findings. The programme is continuing in 2022/23.

Proposal

4. The General Purposes Committee is requested to note the contents on the Annual School Audit Report 2021/22, which was shared with the Schools Forum on 6 July 2022. The report will be shared with Headteachers and Chairs of Governors at the start of the new academic year.

Reason for Proposal

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

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

Safe, Healthy and Confident Communities

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

An Economy that Works for Everyone

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

Background

9. The School Standards and Framework Act 1988 sets out the financial framework for funding maintained schools.
10. Internal Audit undertakes reviews of the internal financial controls of all maintained schools on a regular basis. The frequency of audits is based on risk, for example:
 - schools perceived to pose a greater risk will be subject to more regular audits;
 - schools assessed as low risk will be selected on a sample basis for each audit year.
11. All schools should receive some form of internal audit coverage at least once every four to five years. The scope and timing of each school's audit is agreed with the school. All reports are discussed and cleared with the Headteacher or other nominated person prior to the issue of the final report. In addition, Internal Audit follows up with schools to ensure all agreed actions are implemented.
12. Local authority maintained schools are required to complete an annual Schools Financial Value Standard (SFVS) return by the DfE. Governing Bodies have a responsibility to ensure appropriate controls are in place to meet the regulatory framework for finance and financial management as required by statute and detailed in the local Scheme for Financing Schools.
13. This annual report should help schools consider the effectiveness of their controls when completing the 2022/23 SFVS return.
14. Internal Audit carried out reviews in 11 schools in 2021/22 (2019/20 – 9) all of which were full scope governance and financial reviews. Internal Audit also conducted the physical asset verification testing we unable to complete in 2020/21 due to COVID-19 restrictions.

15. Of the 11 full scope 2021/22 reviews, seven received a **Reasonable** assurance opinion, three a **Limited** assurance opinion, and one a **No** assurance opinion. The physical testing carried forward from 2020-21 was reported by management letter and, therefore, no opinion was given.
16. The number of agreed actions in 2021/22 was 143, which increased from 80 in 2020/21. The increase is in line with the increase in number of schools reviewed in 2021/22.
17. Schools also continued to make progress on action implementation through 2021/22.

Main Considerations for the Council

18. The absence of good financial management and a sound control environment increases the risk of error or fraud going undetected, which may lead to financial loss to schools and to the Council.

Safeguarding Implications

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

Public Health Implications

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

22. There are no environmental or climate change implications related to this report.

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

23. The Audit and Risk Management Service supports schools in the identification and mitigation of risks. If this was not carried out, 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

24. N/A

Financial Implications

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

Legal Implications

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

Workforce Implications

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

Property Implications

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

Other Implications

29. N/A

Options Considered

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

Conclusions

31. The General Purposes Committee is requested to:

- note the 2021/22 Annual School Audit Report
- provide feedback on the contents of this documents
- approve this document.

Report Author: Gemma Young
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Date of report: 14 July 2022

Appendices

Annex A: 2021/22 Annual School Audit Report

Background Papers

None



All Headteachers
All Chairs of Governors
All Chairs of Finance/Resources

Please reply Gemma Young
to:

E-mail: gemma.young@enfield.gov.uk

Phone: 07900 168938

Textphone:

Fax:

My Ref:

Your Ref:

Date: July 2022

Dear Headteacher, Chair of Governors and Chair of Finance/Resources

2021/22 Annual School Audit Report

As part of the 2021/22 Internal Audit Plan approved by the Council's General Purposes Committee, Internal Audit carried out reviews in 11 schools across the borough, which were full scope governance and financial reviews.

In addition, we also conducted the physical asset verification testing we unable to complete in 2020/21 due to COVID-19 restrictions. During most of 2020/21 school audits were carried out remotely, meaning we were unable to complete the on-site physical asset verification testing required. Given the limited scope of these reviews in 2021/22, management letters were issued to the schools concerned and therefore no assurance opinion was given. We have included the individual findings from this testing in the overall summaries and charts below.

We examined major processes to assess compliance with the Scheme for Financing Schools and the Council's Finance Manual for Schools, including the Contract Procedure Rules and General Data Protection Regulations, to confirm that good governance and operational and financial practices were applied throughout. Our work involved carrying out targeted internal audit testing to assess the adequacy and effectiveness of financial management within each school visited.

The Council's school audit programme follows the Schools Financial Value Standard ("SFVS") headings. This can be viewed on the School Audit Framework ('Framework') available on the Schools' HUB. The Framework outlines the areas covered in audits and key documentation that will be required as part of the audit. We hope schools continue to find the Framework useful and that School Leadership Teams will use this report to identify potential risk areas in their school, or opportunities to make improvements as necessary. It may also help as a prompt when completing the 2022/23 SFVS return.

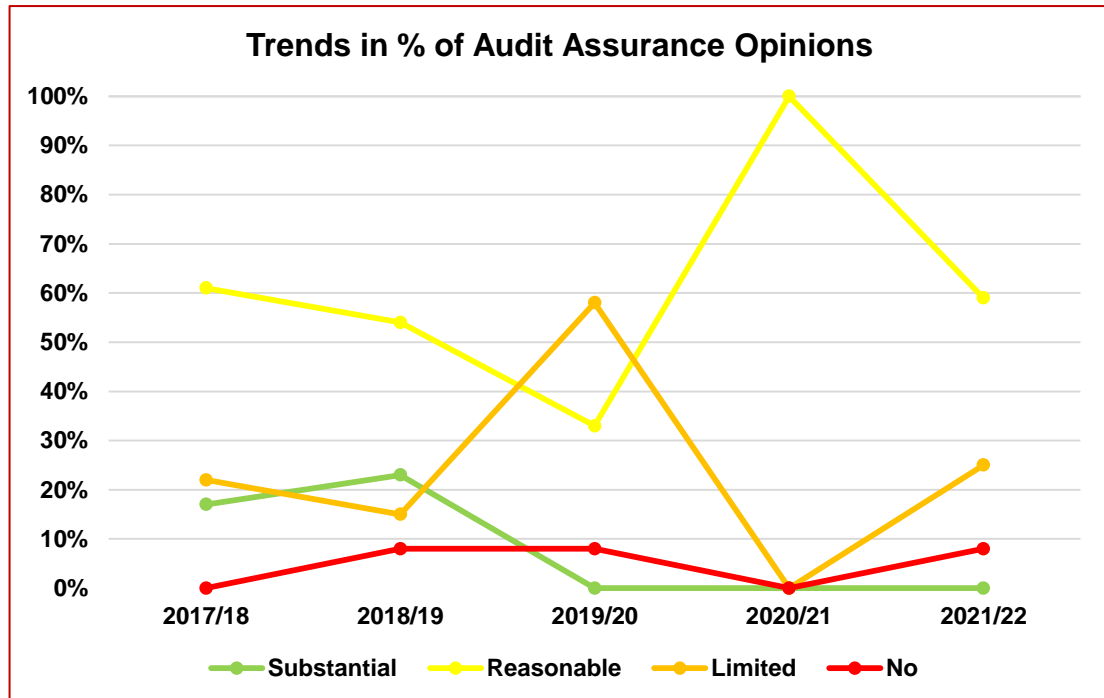
As we review our audit programme to ensure it continues to reflect the keys risks identified in schools, changing requirements and on-going good financial practice, the Framework will be

updated annually to ensure it remains a relevant and useful reference for schools.

Overall report opinions

The 11 full scope reviews undertaken covered the operating effectiveness of processes and controls falling under 9 scope areas. These scope areas are detailed in **Appendix 1**.

The trends in assurance opinions over the past five years, are shown in the charts below:



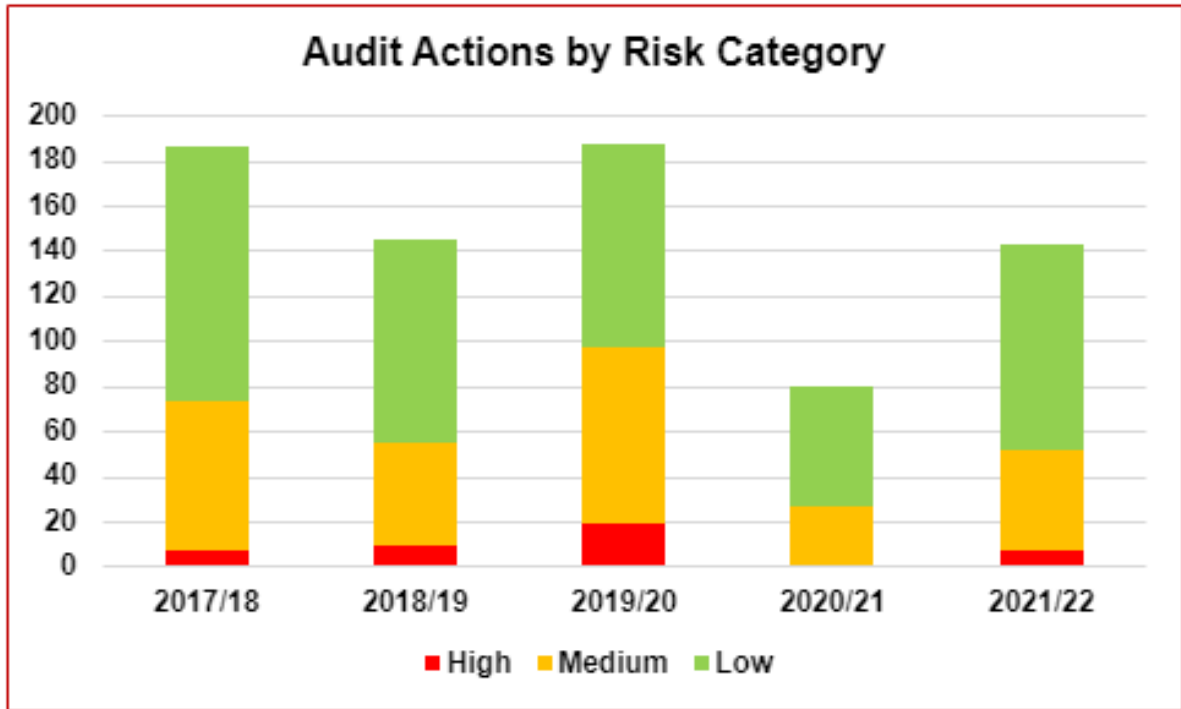
We saw a slight increase in negative assurance opinions during 2021/22, which is a result of weaker controls in the schools tested.

The pressure in schools due to Covid 19 was still a factor during 2021/22 and whilst we do understand this, it is important for school leadership teams to ensure that appropriate financial controls are in place at all times. Although most people will behave ethically, weak controls, more so during periods of crisis, change and uncertainty, may lead to error and fraud, which may not be identified and addressed promptly.

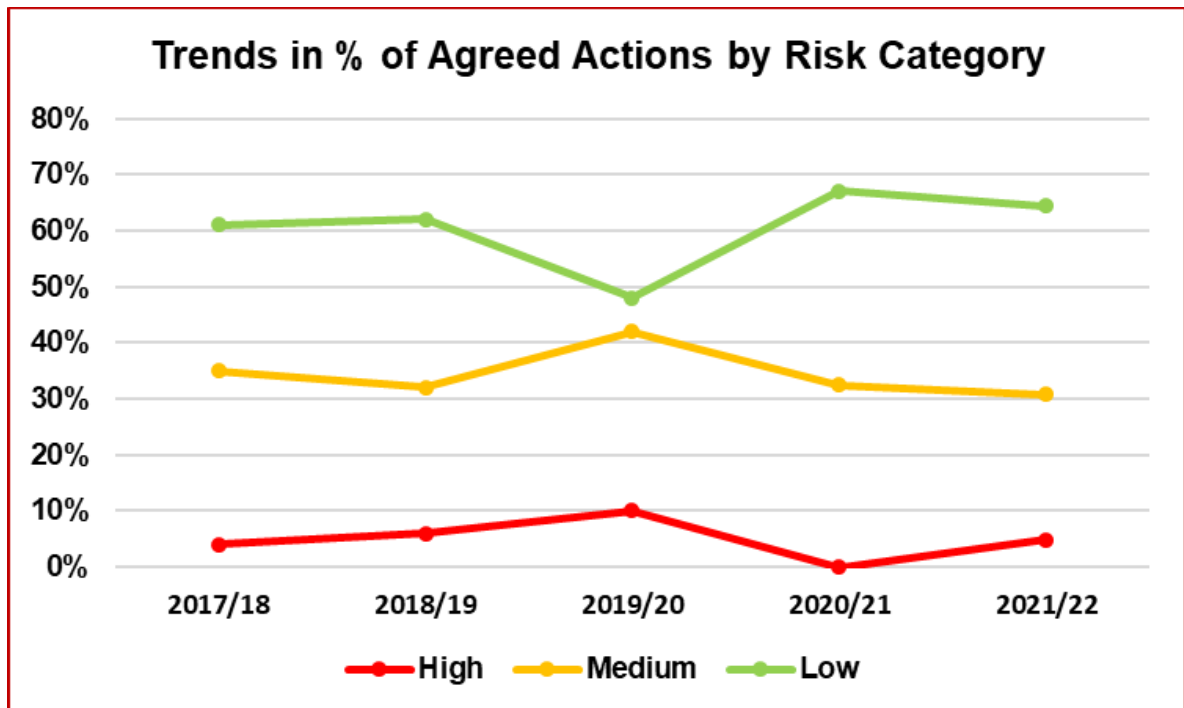
Definitions of risk categories and assurance opinions are detailed in **Appendix 2**.

Analysis of agreed actions

As part of our process, actions to address the risks identified by our audits are agreed with Headteachers and School Business Managers. The total number of actions agreed in 2021/22 increased to 143 from 80 in 2020/21 which is in line with expectations given the increase of reviews carried out in 2021/22. Also, as can be seen from the following graph, seven high risk actions were agreed in 2021/22.

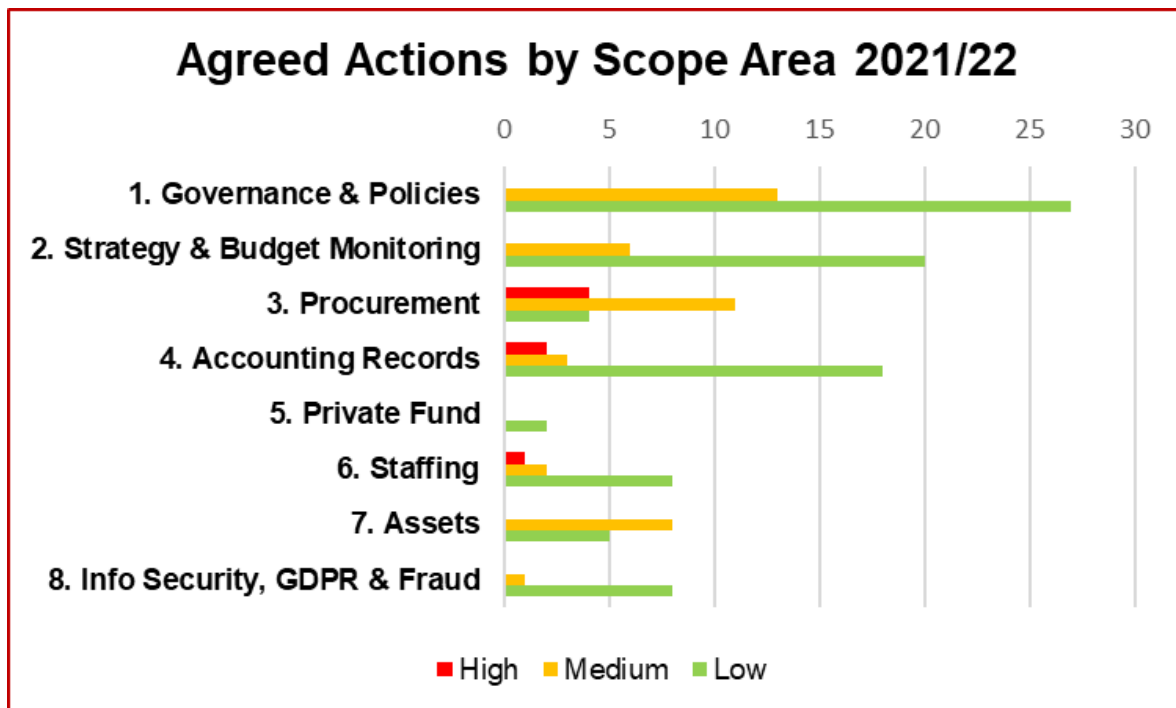


The graph below demonstrates that the reduced number of high and medium risk findings in 2020/21 was atypical and that the 2021/22 number of actions is more in line with previous years.



Summary of findings

The chart below summarises the number of agreed actions identified during the 2021/22 audit year, by scope area:



The main themes and key exceptions identified during our 2021/22 audits are detailed below. We recommend that Governing Bodies review this table against current practices in their schools to ensure, with respect to these common areas, there is compliance with the SFVS requirements.

Theme	Key exceptions identified:
Governance	
Business Continuity and Disaster Recovery Plan	<ul style="list-style-type: none"> Disaster recovery plans were either not in place, not approved or regularly reviewed, or were lacking in key details and review dates.
Delegated Authority	<ul style="list-style-type: none"> <i>Organisational Arrangements</i> were not completed fully, were out of date or were still in draft form and not properly approved. <i>Schemes of Delegation (SoD)</i> did not cover all financial responsibilities, including in some cases the BACs payment process, lacked clear segregation of duties for some key financial processes and were not properly approved.
Register of Business Interests	<ul style="list-style-type: none"> Governor business interest forms were not completed or were out of date. Business interest forms had not been completed by staff with financial responsibilities Information published on the school website was out of date
Minutes of Governing Body Meetings	<ul style="list-style-type: none"> Several key decisions were not clearly recorded in Governing Body Meeting Minutes. Committee minutes were not consistently presented to the

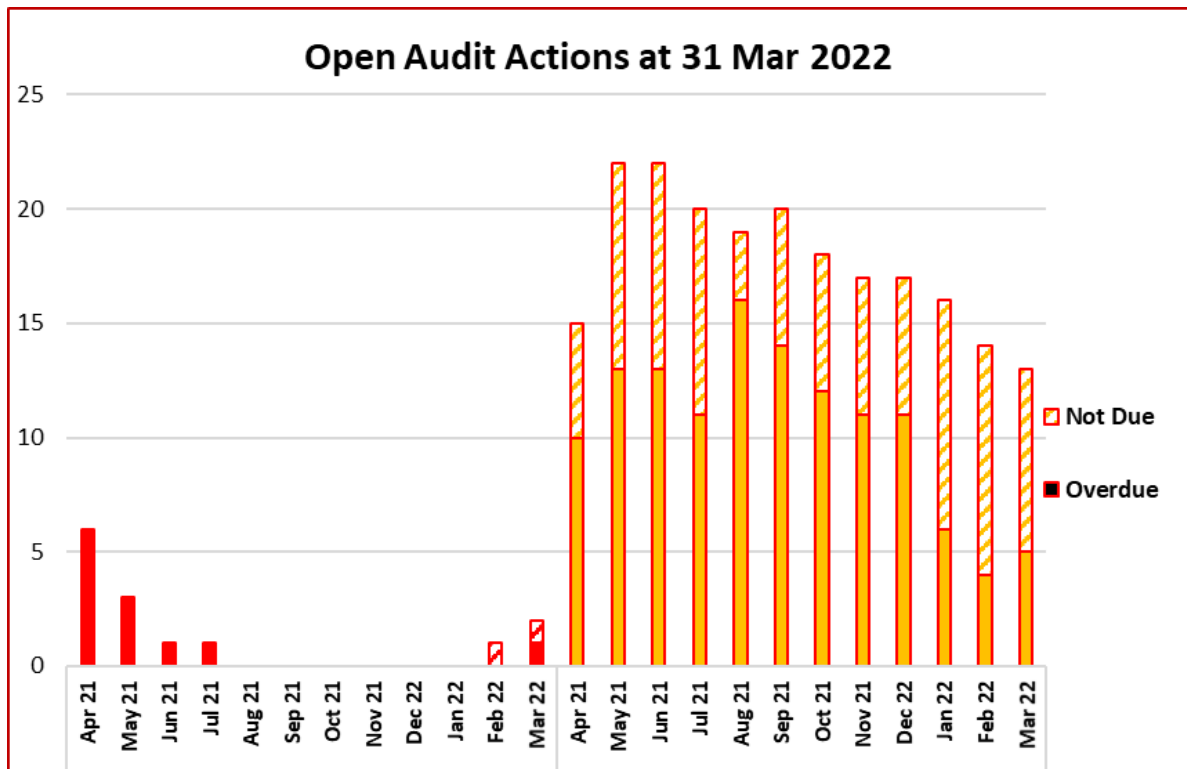
Theme	Key exceptions identified:
	Governing body
Governing Body Skills Assessment	<ul style="list-style-type: none"> A comprehensive review of governors' skills had not been undertaken.
Policies	<ul style="list-style-type: none"> Policies that schools are required to have in place had not been reviewed and approved in line with the requirements.
School website	<ul style="list-style-type: none"> Governor information, including attendance records, was missing or out of date. Website contained broken links. The Accessibility Statement published websites did not confirm whether the websites were 'fully', 'partially' or 'not' compliant with accessibility standards, as per the Web Content Accessibility Guidelines (WCAG) 2.1.
Strategy & Budget	
Budget Monitoring	<ul style="list-style-type: none"> We were unable to confirm from the Governing Body minutes that the three year working budget was properly approved. We were unable to confirm that the quarterly CFR returns were appropriately reviewed and approved by the Governing Body or delegated committee. We were unable to fully reconcile the quarterly CFR returns to the underlying the finance system records.
Pupil Premium	<ul style="list-style-type: none"> Pupil premium reviews and discussions were not approved by the Governing Body. Pupil premium information published on schools' websites was not up to date.
School Development Plan	<ul style="list-style-type: none"> The Plan did not cover at least a three year period. The Plan did not include sufficient financial information to demonstrate that it was aligned to the three year budget.
Benchmarking	<ul style="list-style-type: none"> No benchmarking exercises were carried out.
Procurement	
Related Party Transactions	<ul style="list-style-type: none"> A formal procurement process was not undertaken for a service where a governor was an employee of the supplier. No formal declaration of the interest was made whilst procuring these services. Governing Body approval of related party transactions was not recorded in the minutes.
Contracts	<ul style="list-style-type: none"> The Council's Contract Procedure Rules had not been adhered to. Minutes did not reflect that the Governing Body had approved

Theme	Key exceptions identified:
	<ul style="list-style-type: none"> contracts with a value over the Headteacher's delegated limit. • Contracts, signed by both parties, were not in place.
Purchase Testing	<ul style="list-style-type: none"> • Anomalies were identified between a separately held transaction listing and the school finance system. • Order forms had not been raised, were raised retrospectively or did not include a date to confirm the order was pre-authorized. • Order forms did not record key information including date, order number and goods/ service receipt. • Written quotations were not made available for our review. • Invoices were paid after the due date, with no reasonable explanation noted. • IR35 assessments were not undertaken, and confirmation retained, for sole traders/personal service companies. • Orders/invoices were not authorised in line with the scheme of delegation.
Accounting records	
BACs	<ul style="list-style-type: none"> • Payment runs were authorised after the payment had been processed.
ParentPay Debts	<ul style="list-style-type: none"> • Wrap around care was not invoiced promptly. • Outstanding ParentPay debts were not pursued in line with the Debt Recovery Policy.
Reconciliations	<ul style="list-style-type: none"> • Reconciliations were not completed regularly or where completed there was no evidence of independent review. • Unrepresented cheques more than 6 months old were not investigated.
Staff reimbursements	<ul style="list-style-type: none"> • Claim vouchers were not properly authorised. • Personal credit cards were used to make purchases on behalf of the school. • Items were delivered to staff home addresses. • Claims made by Headteachers were not signed by the Chair of Governors as required.
Lettings	<ul style="list-style-type: none"> • No signed agreements in place for long-term and ad hoc lets. • Signed agreements for long term and ad hoc lets were not available for review. As a consequence, we could not confirm

Theme	Key exceptions identified:
	<p>appropriate insurance arrangements were in place.</p> <ul style="list-style-type: none"> • Agreements were not signed by the school's delegated officer(s).
Private fund	
Accounting records	<ul style="list-style-type: none"> • Reconciliations were not completed monthly or where completed there was no evidence of independent review. • The audit statement for the private fund had not been approved by the Governing Body.
Staffing	
Starters and leavers	<ul style="list-style-type: none"> • Pre-employment checks were not completed in full prior to employment commencing. • There was no written evidence of who had carried out and verified pre-employment checks. • Videpay forms for leavers and starters were not supplied to the Schools Personnel Service in sufficient time to ensure necessary action could be taken. • There were delays in issuing contracts of employment. Contracts must be issued by day one of permanent employment. • Videpay forms were signed prior to the employee submitting their termination notice.
Assets	
Fixed Assets	<ul style="list-style-type: none"> • The fixed asset register did not capture key information including the date assets were acquired, purchase costs or disposal details. • There was no evidence that annual fixed assets checks were carried out. • Assets were loaned to staff without this being formally recorded. • Assets were not appropriately security marked.
Information Security, GDPR & Fraud	
Information security	<ul style="list-style-type: none"> • No process or mechanism was in place to prevent staff from using unencrypted removable media on school equipment. • There was no requirement to ensure passwords are changed regularly or have sufficient complexity.

Action Implementation

Schools have continued to make progress on action implementation, and we have made minimal use of the escalation process this year. Progress made can be seen in the following chart:



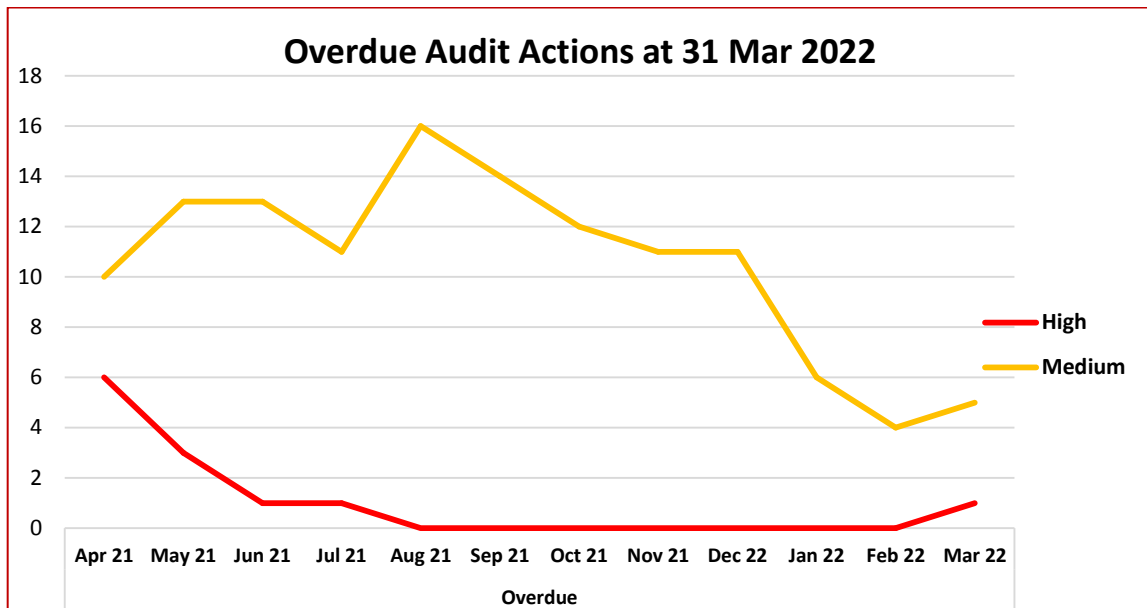
The Council takes the implementation of audit actions seriously and overdue actions are reported to both the Assurance Board and the General Purposes Committee.

Where an adverse internal audit assurance opinion is received by a school, (Limited or No assurance), the following process is applied:

- Findings from the internal audit report are reported to the Assurance Board and the Council's General Purposes Committee.
- Follow up emails and/or visits are undertaken in accordance with the target dates agreed within the report.
- If timely and appropriate responses are not received to the initial request this is escalated to the Audit and Risk Manager and if necessary, to the Director of Education.
- If it is deemed during the follow up process/visit that sufficient responses have not been received, and/or satisfactory progress has not been made to implement the agreed actions, this is followed up with the Director of Education. Actions taken will be reported to the Assurance Board.

The Director of Education will also consider whether the Headteacher and/or the Chair of Governors should attend a future Assurance Board meeting. Attendance would be to advise the Assurance Board of action being taken to address the findings from the internal audit report.

This next chart demonstrates the significant improvement in action implementation made during the year - for seven months no high risk actions were overdue.



Training

Internal Audit offers audit and fraud training for both Governors and School Business Managers (SBMs). The training provides an overview of the Council's Internal Audit and Counter Fraud services. Training will be delivered by experienced officers and will provide:

- an overview of audit scope areas
- the importance of good controls
- key fraud risks faced by schools, with a particular focus on cybercrime.

Also, Education Services has developed a financial management training programme which addresses many of the findings indicated in this report.

Further information on the above training can be found on the Schools' HUB.

Acknowledgement

We would like to take this opportunity to thank those schools who were included in the audit programme in 2021/22. We recognise and appreciate the additional work and effort involved during this difficult period when you have been dealing with the impact of Covid-19.

Should you have any comments on this report, require further clarification, or wish to raise any concerns, the Internal Audit team would be happy to discuss these with you (please see below for contact details).

Yours sincerely,

Gemma Young
Head of Internal Audit and Risk Management

cc: Peter Nathan, Director of Education
Lucy Nutt, Head of Early Years and School Improvement
Felicia Ferraro, School & Early Years Improvement Service Business Support Team Manager
Sarah Fryer, Head of Schools Personnel Service
Louise McNamara, Finance Manager – Schools & Education
Sangeeta Brown, Education Resources Manager
Tony Theodoulou, Executive Director People
Fay Hammond, Executive Director Resources
Marion Cameron, Deputy Head of Audit and Risk Management Service
Lisa Byrne, Audit and Risk Manager
Sam Horton, Principal Auditor




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APPENDIX 1 – Audit Scope Areas

Scope area:	To ensure that:
Governance	<ul style="list-style-type: none"> • Appropriate Governance structures are in place; are appropriately resourced; and operate in line with Council regulations and best practice. • Relevant policies are in place; are reviewed and up to date; and are available on the school's website. Website content complies with DfE requirements. • The school has up to date business continuity and disaster recovery plans in place.
Strategy and Budget	<ul style="list-style-type: none"> • The school has a realistic, sustainable and flexible financial strategy in place for at least the next 3 years which has a demonstrable link to the school development plan. • The school sets a well-informed and balanced budget each year and this budget is scrutinised and approved by the Governing Body. The budget includes realistic assumptions and can be flexed if required. • Performance against budget is monitored throughout the year; variances are investigated; and remedial actions are taken where necessary.
Procurement	<ul style="list-style-type: none"> • All expenditure incurred: <ul style="list-style-type: none"> ○ Is necessary for the running of the school; ○ Complies with the Council's Finance Manual for Schools' and the Council's Contract Procedure Rules (CPRs); and ○ Is appropriately authorised and is supported by appropriate documentation.
Accounting Records	<ul style="list-style-type: none"> • All transactions are authorised and are supported by appropriate documentation. • Regular reconciliations are made between the accounting records and supporting information. • Payments are made within agreed timescales; are made in line with policy; and are appropriately authorised. • All adjustments to the financial records are appropriately recorded and authorised. • VAT is appropriately accounted for. • Income is fully accounted for and is banked promptly. • Debts are reviewed to ensure prompt payment is received.
Private Fund	<ul style="list-style-type: none"> • The standard for the governance of the private fund is as rigorous as that for the administration of the school's delegated budget and complies with the Council's Finance Manual for Schools



Scope area:	To ensure that:
Staffing	<ul style="list-style-type: none"> • The school reviews and challenges its staffing structure regularly to ensure it is the best structure to meet the needs of the school whilst maintaining financial integrity. • Staff are adequately vetted to ensure their suitability for employment. • Payments to permanent, supply and agency staff are valid and are appropriately authorised. • IR35 assessments are carried out as necessary.
Assets	<ul style="list-style-type: none"> • Fixed assets and stock are properly accounted for; are kept securely; and are periodically checked for existence and condition.
Information Security, GDPR and Fraud	<ul style="list-style-type: none"> • Access to the school's systems and data is well controlled. • The school complies with GDPR legislation and best practice. • All appropriate steps are taken to reduce the likelihood of fraud.
SVFS and Risk Assessment Returns	<ul style="list-style-type: none"> • The Governing Body has approved the final checklist and dashboard. • Follow up actions have been identified and actioned. • Approved returns are submitted to the Council by the required deadlines.



APPENDIX 2 - Definition of Risk and Assurance Ratings

Risk rating	
Critical 	<p>Life threatening or multiple serious injuries or prolonged workplace stress. Severe impact on morale & service performance. Mass strike actions etc.</p> <p>Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council, members or officers.</p> <p>Cessation of core activities, Strategies not consistent with government's agenda, trends show service is degraded. Failure of major Projects – elected Members & SMBs are required to intervene</p> <p>Major financial loss – Significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council; Critical breach in laws and regulations that could result in material fines or consequences</p>
High 	<p>Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff.</p> <p>Significant impact on the reputation or brand of the organisation; Scrutiny required by external agencies, Audit Commission etc. Unfavourable external media coverage. Noticeable impact on public opinion</p> <p>Significant disruption of core activities. Key targets missed; some services compromised. Management action required to overcome med – term difficulties High financial loss Significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences</p>
Medium 	<p>Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff.</p> <p>Moderate impact on the reputation or brand of the organisation; Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage.</p> <p>Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service action will be required.</p> <p>Medium financial loss - Small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences</p>

<p>Low</p> 	<p>Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale</p> <p>Internal Review, unlikely to have impact on the corporate image. Minor impact on the reputation of the organisation</p> <p>Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule. Handled within normal day to day routines.</p> <p>Minimal financial loss – Minimal effect on project budget/cost. Minor breach in laws and regulations with limited consequences</p>
<p>Advisory</p> 	<p>Advisory findings or observation that would help to improve the system or process being reviewed or align it to good practice seen elsewhere.</p>

APPENDIX 2 (cont'd) - Definition of Risk and Assurance Ratings

Level of assurance	
Substantial 	No significant improvements are required. There is a sound control environment with risks to key service objectives being well managed. Any deficiencies identified are not cause for major concern.
Reasonable 	Scope for improvement in existing arrangements has been identified and action is required to enhance the likelihood that business objectives will be achieved.
Limited	The achievement of business objectives is threatened and action to improve the adequacy and effectiveness of the risk

	management, control, and governance arrangements is required. Failure to act may result in error, fraud, loss or reputational damage.
No 	There is a fundamental risk that business objectives will not be achieved, and urgent action is required to improve the control environment. Failure to act is likely to result in error, fraud, loss, or reputational damage.

London Borough of Enfield**General Purposes Committee****26 July 2022**

Subject: 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

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

Executive Director: Fay Hammond, Executive Director Resources

Key Decision: N/A

Purpose of Report

1. This report provides an update on the audit of the 2019/20 and 2020/21 Statements 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:
Note the update provided in the report.

Reason for Proposals

3. 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

4. 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

5. As was reported to GPC in June, LBE continues to have two open sets of accounts, namely 2019/20 and 2020/21, whilst also being in the process of preparing draft accounts for 2021/22. The remainder of this report provides an update on each year, and then outlines how officers are seeking to improve the position in relation to delays in the auditing of the accounts moving forward.

2019/20 Statement of Accounts Audit

6. The finalising of the audit of LBE's 2019/20 accounts (including Pension Fund) remains of critical importance, given time elapsed since publication of the draft version.
7. At the point at which reports were being prepared for the June 2022 GPC, there were no outstanding tasks or matters to be completed by LBE officers. Through its internal review processes in late May 2022 (what is known as the EQCR process), BDO had identified two items within the 2019/20 accounts requiring further review, one relating to valuation of a block of land at Meridian Water, and the other relating to a HRA housing property beacon. However no detail had at that point been passed by BDO to LBE on the queries.
8. The detail on the Meridian Water land valuation was provided by BDO to LBE on 3 June. LBE provided a response to BDO on 17 June and is now awaiting further comment. The detail of the housing property beacon had not been provided to LBE as at the point of this report being prepared, in late June.
9. It is generally the case that the audit firms within the public sector market focus on NHS audits in the period directly after the end of the financial year, returning to local government audits in June. The lack of progress in recent weeks may point towards the well documented lack of capacity within the public sector audit market, however it nonetheless remains disappointing, particularly given the identification of additional issues following yet further review of a set of draft accounts that has remained open for nearing two years.
10. Further, BDO, in correspondence with LBE in late June, have stated that NHS audits have overrun this year, and that there have been delays in Department for Health and Social Care finalising legislation on the demising Clinical Commissioning Groups and subsequent establishing of their direct replacements, Integrated Care Boards. Both these issues will impact negatively audit firms' abilities to manage Local Government audits.
11. The other, sector-wide issue stopping LBE's 2019/20 accounts from being signed off is the infrastructure assets technical accounting item, also reported to the last GPC, and discussed with BDO in person at March GPC. The CIPFA/LASAAC consultation to local authorities on proposals to deal with this issue closed on 14 June, and we await the outcome. BDO, who together with the other local government audit firms are liaising with CIPFA and LASAAC on identifying a solution to this this issue, currently estimate a final position being arrived at in late July but this is by no means certain.
12. Any proposal from CIPFA needs to be agreed/verified by the firms as a workable option, and local authorities continue to run the risk of accounts being qualified on this technicality, in the event agreement is not reached. It should also be noted that until it is resolved, this issue will impact on future years of accounts, sector-wide. It is imperative that CIPFA identifies and delivers a workable solution.

13. Finally, it should be noted that whilst the audit continues, audit fees continue to accumulate. In late May the fees for 2019/20 were estimated by BDO at double the £150k scale fee agreed through the PSAA tender. The nature of the contract with PSAA, where audit firms are under no imposed deadline (because of the need to arrive at independent conclusions) means there is no financial imperative to bring the audit to a close.

2020/21 Statement of Accounts Audit

14. As was reported to June GPC, BDO have completed the first phase of their audit of LBE's 2020/21 main accounts over March and April 2022, focusing primarily on fieldwork relating to Property Plant and Equipment. The second and final phase of this audit had been planned by BDO to commence on 11 July. However this position now seems uncertain, given where NHS audits are (see above) and also BDO's decision to redirect staff away from LBE's 2020/21 accounts to focus upon finalising the 2019/20 accounts (though LBE accounts will only start to be worked upon again once NHS audits have been finalised, it is understood).
15. LBE is awaiting clarification from BDO on 2020/21. The Pension Fund accounts for 2020/21 will be completed at the same time as the main audit.

2021/22 Closure of Accounts update

16. 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. Although there has been a recent government consultation proposing that the audited accounts deadline could extend to 30 November 2022. The outcome of the consultation has not yet been published.
17. The national capacity and timeframe challenges for all audit firms, also applies to BDO and it is expected that Enfield's audit work will be delayed until the 2020/21 audit has been completed. Given further anticipated delays to 2019/20 and 2020/21 audits, outlined above, the expectation is that the 2021/22 audit will not commence until the prior two years' audits have concluded.
18. 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.
19. As was reported to June GPC, there have been delays against the planned closing timetable, as a result of changes in staff directly working on the programme, the finalising of some asset valuations, and staff being involved in work relating to the 2019/20 and 2020/21 open accounts. However, the expectation remains that draft 2021/22 accounts will be published by the deadline, with progress being overseen by Director of Finance (Corporate).
20. The asset register issue reported via June GPC, where the rolling forward of balances into 2021/22 was delayed as a result of depreciation calculations, has been resolved. Final transactions are being processed

through the system currently, in relation primarily to the Additional Restrictions (Covid) Grants programme, Collection Fund, and IAS19 (pension) adjustments which are expected to be completed by end of June. This then leaves July to pull the statement of accounts document together, across the core statements, notes to the accounts and Group Accounts.

21. The Pension Fund accounts are in a similar position to the main accounts having had some delays, notably in relation to one of the fund valuations, but remaining on track for publication together with the main accounts by the statutory deadline.
22. There is a statutory requirement for draft accounts to be signed by the Section 151 Officer prior to publication. It is proposed that, given the draft accounts may not be ready until after the GPC date of 26 July, once the draft accounts have been finalised and are online, the link will be circulated to GPC members. It should also be noted that, with 2019/20 and 2020/21 accounts remaining open, the opening balances for the 2021/22 financial year have not been formally signed off and remain subject to review.

Next Steps/Actions

23. Progress on the audit of LBE's open accounts has slowed in recent weeks owing to BDO prioritising NHS audits, and expected delays to NHS audits will have a negative impact on the much needed conclusion of LBE's 2019/20 accounts audit. Officers continue to explore alternative arrangements for the audit period after the current PSAA contract concludes (2022/23 audit being the final year) given the current position, however the fragile nature of the public sector audit market means that this is a challenge.
24. A formal complaint has been raised against BDO and it is believed this is being reviewed internally within BDO.

Resources

25. 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.

Safeguarding Implications

26. There are no Safeguarding implications arising from this report.

27. Public Health Implications

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

29. Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

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

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

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

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

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

Financial Implications

34. 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.

Legal Implications

35. 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.
36. 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.
37. 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.
38. 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.

Workforce Implications

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

Property Implications

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

Other Implications

41. None.

Options Considered

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

Conclusions

43. The 2019/20 and 2020/21 accounts audit remain in an unsatisfactory position. Officers continue to maintain pressure on BDO to finalise the 2019/20 audit, however limited progress has been made since the last GPC where BDO have been focused on NHS audits in the first quarter of 2022/23.
44. It is now expected that the second phase of the 2020/21 Annual Accounts audit will 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.
45. The 2021/22 Annual Accounts are being prepared, and it is anticipated that the accounts will be published by the 1 August 2022 statutory deadline. Members of GPC will be provided with a link to the document once it has been uploaded onto the web page.
46. Officers are actively exploring options to improve the position in relation to the audit of accounts for future years. This comes with its own challenges given frailties within the public sector audit market currently.

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Date of report 29 June 2022

London Borough of Enfield**General Purposes Committee****July 2021**

Subject: Annual Governance Statement – 2021-22
Cabinet Member: Cllr Tim Leaver
Executive Director: Fay Hammond – Executive Director of Resources

Key Decision: N/A

Purpose of Report

1. The purpose of this report is to consider London Borough of Enfield's final Annual Governance Statement for the financial year 2019-20, and the equivalent draft Statement for 2020-21.

Proposal(s)

2. Recommended that General Purposes Committee:
3. Approve the draft 2021-22 Annual Governance Statement for inclusion within the Council's draft Annual Accounts.

Reason for Proposal(s)

6. The Council is required by the Accounts and Audit Regulations 2015 to preview the effectiveness of its system of internal control at least once a year and include a statement on this review within its published annual financial accounts. The Regulations stipulate this shall be termed the Annual Governance Statement (AGS).
8. The AGS for 2021-22 has been produced in draft format; it remains so until published within the Final Accounts. While substantial changes would not be expected, it is possible that some may occur to reflect the final accounts outcome. However, it is appropriate for the Committee to have adequate opportunity to discuss and review the proposed AGS as it stands and gain comfort that the Council's obligations will be met by the proposed AGS.

Relevance to the Council Plan

9. The purpose of the AGS is to consider the effectiveness of the Council's governance framework and its system of internal control. These are the means by which the Council manages its risks to within its risk appetite and ensures that the aims of the Corporate Plan are deliverable; without effective

governance, risk management and control, the likelihood of failure to achieve the aims of the Corporate Plan increases.

Background

10. Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 require all local authorities in England to review their system of internal control annually, and to include a statement on this review in the annual published accounts, being titled the Annual Governance Statement (separate regulations applying to other United Kingdom jurisdictions).
11. The expected standard, content and quality measure of the AGS is crystallised within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, as well as CIPFA's Delivering Good Governance in Local Government Framework (2016) (referred to hereafter as 'the CIPFA framework'). An AGS prepared in accordance with these documents will meet the Council's obligations under the aforementioned regulations.

Main Considerations for the Council

The general purpose and format of the AGS

12. The CIPFA Framework identifies that the effective AGS should be "meaningful but brief", as well as "high level, strategic and written in an open and readable style".
13. The focus of both Statements presented here is therefore corporate; identifying those risks which affect the entire organisation and its ability to deliver services and meet objectives. There may be high operational risk areas in individual services which are not covered within the AGS, as this is not its purpose.
14. It is beneficial for the AGS to follow a similar format each year, such that comparison can be easily drawn between years and the direction of travel in relation to governance can be clearly seen. The two presented AGS follow the same broad format and headings.
15. To comply with the CIPFA Framework, the Council is required to address the following issues within the AGS:
 - a. Acknowledge its responsibility for ensuring sound internal control and refer to its Code of Governance. The Council has referred to the CIPFA/SoLACE Framework of governance, and the AGS for both years considered are formatted to identify how the Council complies with the principles of this framework.
 - b. Reference to key elements of framework and those responsible for developing and maintaining the governance environment. This is included within the assessment against the CIPFA/SoLACE framework, with further identification of key structures and documents to support this assessment.

- c. The assurance opinion on the governance arrangements. This is provided by the Head of Internal Audit and is located at the end of the AGS before the Conclusion.
- d. Identification of key governance risks for the coming year and proposed action to address them.
- e. Update how the risks identified in the previous AGS have been addressed and resolved.
- f. Conclusion, including a commitment to ongoing, continuous, and monitored improvement.

2021-22 AGS and identified risks

27. New sections to the AGS have been updated where relevant to reflect improvements made since 2019-20. However, much content in regard to the Council's framework has remained the same. This is not considered to represent a risk issue; an effective corporate governance framework should (among other things) provide stability of governance. With this in mind, the governance framework and structure of the Council would not be expected to undergo substantial change in any one individual year.

Risks identified

29. The update on the risks from 2020-21 identifies that risks of Covid-19 have generally been addressed; this is due to the nature of the pandemic progression and the end of restrictions, which eased many of the additional pressures caused by the pandemic.
30. The update on general governance risks identifies that these areas have been addressed in full, and details the actions taken to mitigate and minimise those risks.
31. The areas of focus for 2022-23 include information governance, financial resilience and the Council's strategic approach to companies; a number of actions are detailed in attached AGS which will be enacted to enhance those areas of governance.
32. General governance actions added action in 2021-22 also include a review of the revised Scrutiny arrangements introduced in previous years. This is not identified as a risk, however it is included as an aspect of good practice, as it is prudent to review revised arrangements to ensure the objectives of the revised structure are being achieved.

Assurance Opinion

33. The annual opinion of the Head of Internal Audit identifies *Reasonable Assurance* over the effectiveness of the control environment. This represents an improvement on the previous year.
34. As with the previous AGS, the section includes contextual information on the Internal Audit Plan, including a comparison to the previous year, identifying

why the opinion has improved. This is due to a greater proportion of *High Assurance* and *Reasonable Assurance* audits issued within the year (59% of audit opinions in 2020-21, compared to 46% in 2019-20), indicating a general improvement in the control environment.

Safeguarding Implications

35. There are no safeguarding implications.

Public Health Implications

36. There are no particular public health implications to the report, although the report does cover the Council's actions to address risks arising from Covid-19.

Equalities Impact of the Proposal

37. There are no Equalities impacts. There is no proposed change or alteration to any form of service provision, and no proposed expenditure.

Environmental and Climate Change Considerations

38. There are no considerations arising from the proposal.

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

39. The Council's Accounts cannot be published until the AGS for 2021-22 is approved, as inclusion of the AGS is a requirement of the Accounts and Audit Regulations 2015. Therefore, the publication of the Council's Accounts would be unavoidably delayed further if the 2021-22 AGS is not approved.

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

40. In approving the draft 2021-22 AGS, the Council does have to be satisfied it has fully implemented the requirements of regulation. The format of the AGS is in line with previous years in which the AGS was substantially amended to address prior comments of the External Auditor. The Committee should therefore be able to gain comfort that the Council has fully complied with its statutory obligations and can publish the 2019-20 AGS as presented.

Financial Implications

41. There are no direct financial implications to the proposals. The risks identified above include strategic financial risks, the effects of which have been detailed in other relevant reports.

Legal Implications

42. Regulation 6(1)(a) of the Accounts and Audit Regulations 2015, requires the council to conduct a review at least once in a year of the effectiveness of its

system of internal control and include a statement reporting on the review with any published Statement of Accounts.

43. The preparation and publication of an Annual Governance Statement in accordance with Delivering Good Governance in Local Government: Framework (2016) (The Framework) fulfils the statutory requirements across the United Kingdom for the council to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts. The Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be “prepared in accordance with proper practices in relation to accounts”. Therefore, the Council shall provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016). The Framework is also intended to be used as best practice for developing and maintaining a locally adopted code of governance

Workforce Implications

44. There are no workforce implications.

Property Implications

45. There are no direct property implications.

Other Implications

46. There are no other implications.

Options Considered

47. The 2020-21 AGS is in draft format, presented to the Committee for its view. As there is no final decision and time remains to amend the proposed 2020-21 AGS, at this stage options remain open.

Conclusions

48. The Council is required to publish an Annual Governance Statement within its Final Accounts. The prepared draft 2021-22 AGS is assessed to meet the requirements of regulation and good practice codes.

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23 July 2021

Appendices

Appendix A – Draft proposed Annual Governance Statement 2021-22

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ANNUAL GOVERNANCE STATEMENT 2021/22

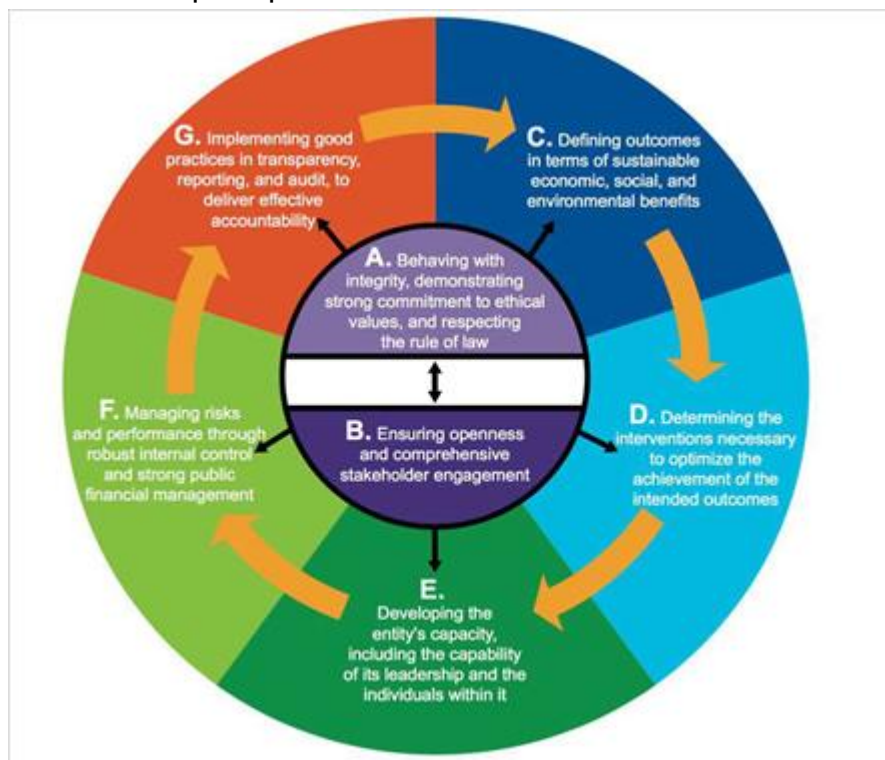
INTRODUCTION AND ACKNOWLEDGEMENT OF RESPONSIBILITY

Enfield Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Accounts and Audit (England) Regulations 2015 require the Council to prepare an Annual Governance Statement.

THE PRINCIPLES OF GOOD GOVERNANCE

The CIPFA/SoLACE Delivering Good Governance ¹publication (2016) defines the principles of good governance in the public sector. The document sets out the core and sub principles that underpin the good governance framework, explains how the Council's governance arrangements operated in practice during 2021/22, and demonstrates how the CIPFA/SOLACE Framework has been applied. The CIPFA/SoLACE core principles are:



KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE ARRANGEMENTS

¹ <https://www.london.gov.uk/moderngovopdc/documents/s58145/Item%206b-%20Appendix%20A%20CIPFA%20Delivering%20Good%20Governance%20in%20Local%20Government%20Framework.pdf>

The governance framework is incorporated into this Annual Governance Statement for the year ending 31 March 2022 and is up to the date of the approval for the statement of accounts.

Overview of the Council's governance framework

The Council's framework enacts the CIPFA/SoLACE criteria via the following arrangements.

A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Ethical values, integrity and legislative oversight are crystallised with the Council's Constitution. The Constitution was most recently reviewed during 2019-20 by the Monitoring Officer to ensure it remains in accordance with all developments in these areas; such reviews are periodically undertaken. The requirements of the Constitution are monitored at departmental level, and the scheme of delegation determined by the Constitution ensures clear demarcation of responsibility and authority, to ensure there is adequate oversight of operational compliance with its requirements.

The Council has reviewed and enhanced its induction process for new Councillors following election, to ensure effective understanding of the requirements of the Constitution and the standards expected by residents of the borough.

The Council further has specific resource dedicated to ensuring it meets statutory duties, both in service delivery and in effective enactment of legislation such as Freedom of Information and co-operation with Ombudsman enquiries.

The Council's Code of Conduct determines the standards required of officers, and the human resources framework further solidifies these into expected behaviours monitored through Performance Development Review.

B – Ensuring openness and comprehensive stakeholder engagement

The Council believes in transparency and seeks to make information public wherever possible. A comprehensive publication scheme is kept up to date via the Council's website. A petition scheme is also available via the website to enable residents to make representations to the Council directly.

Stakeholder engagement is widely promoted prior to any decision-making, and the Council's format of reports includes a number of sections designed to ensure that all appropriate issues have been considered and all stakeholders consulted. The format was most recently updated in 2020-21. Examples of stakeholder engagement during 2021-22 include the Local Plan and the Blue and Green Strategy.

C – Defining outcomes in terms of sustainable economic, social and environmental benefits

Defining outcomes

The Enfield Council Plan sets out the vision for delivering a lifetime of opportunities for everyone in Enfield. The Plan sets out the scale of our ongoing ambition to improve outcomes for everyone, in the context of huge financial challenges for local people, local businesses and organisations and local government.

During 2021-22, the Council drafted a new Local Plan for consultation, reflecting development in the borough's needs and prioritising the Council's desired outcomes for residents.

The finance strategy is key to the delivery of the Council Plan and outcomes with significant work undertaken to increase the focus on longer term planning. T

Sustainable Economic, Social and Environmental Benefits

Enfield declared a climate emergency in the Summer of 2019 and implemented a Climate Action Plan which commits Enfield to becoming a carbon neutral organisation by 2030 and a carbon neutral borough by 2040.

The Sustainable and Ethical Procurement Strategy was agreed at Cabinet in February 2022 this and is underpinned by four core principles: social value, ethical procurement, supporting the local economy and local employment, and climate action.

The Council's internal processes promote the focus on outcomes in terms of sustainable economic, social and environmental benefits, including:

- The Council's business case templates incorporate these elements of outcomes, as do procurement bid assessment tools, in alignment with the Council's governing financial strategies and policies. Reporting on potential expenditure or investment includes dedicated sections highlighting social, financial and environmental implications, ensuring that these aspects are captured in every report.
- The approach to business case formation is being reviewed based on the HM Treasury better business case approach, with training sessions delivered to officers in June 2022
- Performance management of day-to-day services covers both financial performance via budget and service delivery, measuring social outcomes for the community, across a comprehensive framework covering all of the Council's operations.

D – Developing the interventions necessary to optimise the achievement of the intended outcomes

The Council operates a network of Boards across its operations, including senior management membership. These Boards draw authority from the central Executive Management Team and monitor the delivery of projects and services across the Council including the achievement of expected outcomes, or agreement of action plans were required to ensure outcomes continue to be delivered. The network is currently undergoing mapping and review to ensure efficiency in operations and that work is not duplicated.

The Council reports quarterly to Cabinet on the Corporate Performance Scorecard that reflects the Council priorities as outlined in the Council Plan. The scorecard has been developed to demonstrate progress towards achieving the Council's aims and key priorities as set out in the Council Business Plan. The report is a management tool that supports Council directorates and the Executive Management Team (EMT) in scrutinising, challenging and monitoring progress towards achieving the Council's aims.

The Council may also commission from time to time external review of particular risk areas, to develop efficient and effective service delivery and future proof against rising costs or high investment need.

E – Developing the entity's capacity, including the capability of its leadership and the individuals within it

The Council operates a comprehensive Performance Development Review system which ensures continuous improvement in both the skills of and support provided to officers at every level of the authority. Internal training networks offer a wide range of skill development employees with specialist training arranged through the Development Review where appropriate.

Staff networks also support the development and capabilities of staff through regular seminars, workshops and learning. A series of leadership and culture workshops and our existing organisational development courses continue to support staff development.

F – Managing risks and performance through robust internal control and strong public financial management

Managing risks and performance through robust internal control

The Council's Risk Management Strategy governs the corporate approach to risk management. It is supported by a comprehensive Performance Management Framework, and an annual Internal Audit Plan seeking to address areas of key risk on the Corporate Risk Register.

The Audit Committee function is carried out by the General Purposes Committee (GPC) in Enfield and is a key component of good governance. The Committee are an important source of assurance about the Council arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance.

In 2021-22, the Council commissioned CIPFA to undertake an independent review of the General Purposes Committee against the CIPFA Audit Committee Good Practice Guide. The review provided assurance on the operation and effectiveness of the GPC with CIPFA confirming that the operation of the General Purposes Committee in the London Borough of Enfield, on balance, works well and to the satisfaction of its members and to officers who support the committee. An action plan is in place in 2022-23 to implement the recommendations from the review.

Strong public financial management

Financially the Council operates planning through its Medium-Term Financial Plan and Capital Programme, with associate Treasury Management Strategy. The operational expenditure is governed by the Contracts Procedure Rules within the Constitution, and the Scheme of Delegation determines the appropriate authority required for different levels of expenditure, ensuring that appropriate oversight of spend is delivered in alignment with the Council's risk appetite.

A number of improvements were made in 2021-22 to further strengthen financial management arrangements, including:

- Creating a second Director of Finance post to strengthen the finance structure to reflect the Council's ambitious Capital Programmes, Regeneration, Housing Programme and Treasury Strategy
- Successfully recruiting to several key posts within the finance and procurement teams
- Undertaking an initial light touch review of the CIPFA Financial Management Code standards to identify any potential areas of improvement requiring further actions
- Setting up a Finance Continuous Improvement Board, which now meets monthly to focus on driving through the improvements
- Progressed capital improvements including the establishing the Capital Finance Board and Development and Investment Financial Framework (DIFF)

CIPFA were commissioned to independently review the Council's financial management arrangements across the organisation using the CIPFA Financial Management (FM) Model in 2021-22. The review considers arrangements in view of the incremental styles of financial management and is structured around the three styles of financial management; delivering accountability, supporting performance and enabling transformation. The CIPFA FM Model is also organised by four management dimensions. The dimensions are: Leadership, People, Processes, Stakeholders.

A report was provided to the March 2022 Finance and Performance Scrutiny Panel providing an update on financial management arrangements and emerging findings from the review. The final outcome of the review concluded an overall score of 3 out of 5. The review will inform our ongoing internal improvement programme, incorporating feedback from the wider organisation and best practice.

Financial resilience and sustainability

The Council continues to make financial sustainability and resilience a key area of focus, with significant work undertaken in previous years to create a robust and sustainable budget to put the Council in a strong position to manage the challenges ahead. Improvements include:

- Increased focus on longer term financial planning, with a five-year Medium Term Financial Plan and ten-year Capital Strategy and Treasury Strategy in place

- Increased focus on capital financing and regular assessment of interest rate risk
- Detailed review of the use of reserves including a five year plan for reserves
- Introduction of additional internal financial governance and challenge arrangements, including
 - Pressures Challenge Board
 - Capital Finance Board
 - Weekly Executive Management Team budget meetings
 - Assurance Board
 - Finance Continuous Improvement Board

Regular consideration of Public Interest reports, new CIPFA guidance and assessment of lessons learnt as applicable for Enfield continue to take place.

Financial sustainability and resilience remain a key area of focus for the General Purposes Committee, which is considered by the committee annually, most recently in January 2022.

Financial resilience risks, existing risk mitigations and further planned actions are included in the Corporate Risk Register.

G – Implementing effective practices in transparency, reporting, and audit, to deliver effective accountability

The Council's transparency requirements for decision-making is determined within the Constitution, and these processes are enacted and monitored by the Council's Governance team. The format of reports is according to a standard template ensuring that the same quality of consideration is afforded all decisions, and comparable information available on all decisions.

The Council operates an annual Internal Audit Plan, which is approved by the General Purposes Committee. The Internal Audit Plan focuses on key areas of risk primarily identified in the Corporate Risk Register. In line with the Public Sector Internal Audit Standards (PSIAS), progress against the Internal Audit Plan and audit outcomes are reported regularly through the year to the General Purposes Committee. The Head of Internal Audit and Risk Management also delivers an annual internal audit opinion.

Dedicated resource and arrangements are in place to deliver the Council's statutory transparency and accountability roles within the Freedom of Information and Data Protection Acts, and to ensure full co-operation with all investigations by the Information Commissioner, Local Government & Social Care Ombudsman, and Housing Ombudsman.

The following are the key elements of the governance structures and processes in place:

1. Cabinet and Leader
 - Provides political leadership;

- A key role in delivering the council's services, proposing the budget, and promoting the Council's aims and strategic priorities;
- Cabinet provides transparent and accountable political leadership. It considers the business detail involved in delivering the Council's corporate priorities.

2. Scrutiny

- Scrutiny reviews the Council policy and has the power to challenge decisions;
- The Overview and Scrutiny Committee and its Scrutiny Panels scrutinise decisions made by the Cabinet, and those delegated to officers, and reviews services provided by the Council;
- General Purposes Committee review governance and promote high standards of conduct by councillors.

3. Decision Making

- All decisions are made in compliance with the law and the Council's Constitution;
- Formal meetings of the council are held in public;
- Decisions are published on the Council website.

4. Risk Management

- The [Risk Management Strategy](#) ensures proper management of risks and sets out how threats and opportunities faced in the delivery of the Council's objectives are managed;
- Risk registers identify both strategic and operational risks. Identified risks are scored according to likelihood and impact, and a traffic light system has been adopted to monitor the effectiveness of mitigating actions agreed. Strategic risks are reviewed by senior management and by elected members prior to and at the General Purposes Committee on a regular basis.

5. Executive Management Team

- The Head of Paid Service is the Chief Executive and is responsible for all council staff and leading an effective Executive Management Team;
- The Executive Director of Resources is the Council's Section 151 Officer and is responsible for safeguarding the Council's financial position and ensuring value for money;
- The Director of Law and Governance is the Council's Monitoring Officer who is responsible for ensuring legality and promoting high standards of conduct in public life.

6. Council

- Council is responsible for approving the budget, agreeing policies, making constitutional decisions and deciding local legislation. Council elects the Leader for a term of four years, and the Leader appoints a cabinet of up to ten councillors (including him/herself), each holding a special portfolio of responsibility.
- The Council's Constitution is updated where necessary throughout the year and sets out how the Council operates. It states what matters are reserved for decision by the whole council, the responsibilities of the cabinet and the matters reserved for collective and individual decision, and the powers delegated to panels and committees.
- The overall budget of the Council is set by the Council and all decisions are made within this framework. The council's goals are developed alongside the budget. Progress is reviewed by the Leader, lead Cabinet Member for Finance and Procurement, and respective cabinet members. The Council also monitors its performance through feedback from its residents and service users.

Value for Money Statement

In making decisions, allocating resources and planning service delivery, the Council ensures value for money arrangements are put in place and that its services are delivered in an economical, efficient, effective and equitable way.

The Council promotes the economy, efficiency, effectiveness and equality of its services through its high-level governance and management arrangements including:

- A clear governance structure is in place, as well as well defined roles for the leadership team
- The leadership team take collective responsibility for financial management arrangements with weekly Executive Management Team budget meetings weekly to focusing on financial management and value for money
- Activities and decisions are subject to appropriate scrutiny, a key role for the leadership team and the General Purposes Committee, who carry out the role of the Audit and Risk committee function
- Audit arrangements including internal and external audit arrangements
- Clear objectives and strategy based on local need outlined in the Enfield Council Plan 2020-22, setting out the vision for delivering a lifetime of opportunities for everyone in Enfield and overarching ambitions and cross cutting themes
- Effective service and financial planning with an approved annual budget, Five Year Medium Term Financial Strategy, Capital Strategy and Ten Year Capital Programme and Ten Year Treasury Management Strategy in place. These long term financial strategies are key to the delivery of the Council Plan and financial resilience

To ensure value for money is achieved, the Council has in place robust arrangements to support its decision making; commitment of expenditure, oversight of contracts and its risk management arrangements including:

- Financial regulations which form part of the Council's Constitution, setting out how the Council manages its financial arrangements
- The Council's Contract Standing Order requirements, which form part of the Council's Constitution, which set out the Council's procurement requirements to ensure that contracts are entered in a compliant manner and deliver value for money
- The Procurement Team has been restructured to include Category Managers and strengthen the contract management teams, thereby significantly increasing the Council's capacity. Ensuring that effective arrangements are in place for contract management and procurement processes are delivering value for money. Annually General Purposes receives a report regarding procurement performance.
- Risks and existing risk mitigations and further planned actions are included in the Corporate Risk Register.
- Culture and leadership is a key part of ensuring value for money. CIPFA review identified high-level strengths in the Finance leadership across the Council. This has recently been strengthened with the recruitment of two new and experienced Finance Directors; one focussed on commercial and capital programmes, given Enfield's ambitious regeneration plans, the other will focus on statement of accounts and medium term financial plan.

The Council monitor and assess the extent to which its services represent value for money and the effectiveness of its service regularly. Examples of this in 2021/22 include:

- Benchmarking of total costs and income with London Boroughs, the financial impact of covid19. In addition, benchmarking services costs and performance with similar local authorities is used as a tool to inform budget setting.
- CIPFA FM review was undertaken measuring the effectiveness of the finance team and the wider organisation's financial management.
- Quarterly performance information reported to Cabinet includes specific action plans for services which are not meeting the agreed targets.

Equality

- Equality impact assessments
- Engagement with service users
- Engagement with the voluntary sector

GOVERNANCE ISSUES

Update on Governance issues identified in 2020/21 Statement

Covid-19 Pandemic

Area of Focus	Progress	Status
Financial Impact	<p>Analysis undertaken to identify size of budget gap caused by both loss of income and higher service demand.</p> <p>Savings plan identified based on shortfall after announced government funding is received (assumption made that there will be no further funding beyond that announced, in order to mitigate worst case scenario).</p> <p>Financial planning through the Medium-Term Financial Plan has been reviewed and amended accounting for the impact of the pandemic.</p> <p>Full Covid-19 Financial Strategy in place. Covid-19 costs and grant funding will continue to be separately reported and monitored to enable clarity both on the cost of Covid-19 and assurances on the underlying budget position.</p>	<p>The 2020/21 Covid19 funding pressures continued to be reported separately and were covered by grant in full.</p> <p>The budget report agreed in February 2022 set out that Covid19 forecast pressures in 2022/23 would be covered by the Covid19 reserve.</p>
Effect on staff wellbeing of lockdown restrictions.	<p>Staff wellbeing monitored through Performance Development Review process.</p> <p>Regular departmental seminars and advice offered on mental health</p> <p>Online support and confidential contact line available to all staff.</p> <p>New Smart Working policy implemented.</p>	No longer a governance risk.
Increase in service demand	<p>Financial budgeting assumptions reviewed.</p> <p>Domestic Abuse multi-agency hub has been set up to enhance the service to support victims.</p>	<p>Increase demand in services is regularly reviewed and the MTFP, this identified key pressures in SEN transport and Temporary Accommodation during the year.</p>

		The SEN Transport cost pressures were reflected in the MTFP and the Temporary Accommodation budget was re-forecast and subject to ongoing monitoring.
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Compliance with the CIPFA Financial Management code

In September 2019, CIPFA published the Financial Management (FM) code, which sets out the principles by which authorities should be guided in managing their finances and the specific standards, they should, as a minimum, seek to achieve. The code is designed to support good practice in financial management and to assist local authorities demonstrate their financial sustainability.

In response to the introduction of the code and ongoing focus on financial management the Council has:

- i. Undertaken an initial light touch internal review of the standards to identify any potential areas of improvements requiring further action
- ii. Commissioned CIPFA to undertake an in depth external assessment of our financial management arrangements across the organisation based on the CIPFA FM Model
- iii. Commissioned CIPFA to undertake an external financial resilience assessment (in response to FM Code standard F)
- iv. Considered the symptoms of financial stress and factors that drive the ability of the authority to withstand financial pressures as part of the January 2022 GPC Financial Resilience report. An action plan has been created to be monitored by the improvement board (In response to FM code standard G)

The CIPFA FM Model links to the CIPFA FM Code. As part of the work on the CIPFA FM model, CIPFA confirmed that they did not see any instances of non-compliance with the code, providing further assurance on the Council's Financial Management arrangements.

The Council complies with the code and has used the internal and external reviews to inform the medium-term improvement plan and action plan, incorporating feedback from the finance team, wider organisation and best practice. Financial management remains a key area of focus for the Council, subject to ongoing review and monitoring in order to drive continued improvement.

General Governance Risks identified for the year and actions taken

Area of Focus	Progress	Status
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<p>The new role for the Housing Ombudsman arising from increased scrutiny of council housing in the social housing white paper</p>	<p>The Council has dedicated further resource to managing Ombudsman complaints and compliance.</p> <p>Processes have been reviewed and refreshed.</p> <p>The Council has complied with all Ombudsman investigations and determinations and has received no complaints handling failure orders.</p>	<p>No longer a governance risk</p>
<p>The transition period for the UK leaving the European Union (EU) has now ended. The status of some regulation replacing former EU regulation remains unclear (e.g. Subsidy Control). The Council will need to continue to monitor developments and risks in these areas.</p>	<p>The Council has taken advice and updated policies and procedures where appropriate.</p> <p>External legal advice is commissioned on relevant decisions to ensure the Council fully complies with all requirements.</p>	<p>No longer a governance risk.</p>

Other significant governance actions taken during the year

Review of the Local Plan & consultation enhancements

The Council drafted a new regulation 18 Local Plan for consultation, seeking to address key needs and priorities within the borough including poverty, improvement of the natural environment and opportunities for residents.

The Council has further enhanced regular local consultation processes through the Environment Forum, the Health and Wellbeing Board, and Town Centre action plans developed in collaboration with local businesses.

Implementation of new Customer Relationship Management system to improve customer experience and information sharing

A new software system has been developed to manage complaints and information requests, alongside a streamlined customer experience via web form, which will enable more effective management of customer issues and requests, as well as improved data, which will assist the Council in identifying trends and improving its preventative measures and general transparency to achieve better initial outcomes for residents.

Refresh of the Corporate Risk Register

The Corporate Risk Register was fully refreshed during the year, incorporating all residual risks from Covid-19 and Brexit, as well as reflecting demand in the borough and service improvement opportunities identified.

Statement of Accounts Delays in External Audit

There are delays in the external audit of the Council's Statement of Accounts for 2019/20 and 2020/21 which remains of serious concern to the Council and in particular, members of the General Purposes Committee. The Council continues to drive improvements in its Statement of Accounts processes in preparation for the finalisation of these audits.

Areas of focus for 2022/23

Focus will be placed on the following significant governance issues during 2022/23:

Area of Focus	Progress
<p>Financial Resilience.</p> <p>The financial climate continues to be a challenge for the Council, both in term of service demand and financial restraints caused by wider economic circumstances and risks.</p> <p>The cumulative impact of the general economic conditions, inflation and construction price inflation, and interest rate rises require close monitoring of the budget and reviewing the medium term financial plan assumptions. In addition the MRP technical consultation outcome has not yet been concluded and this has potential to further impact on the Council's financial resilience.</p>	<p>Financial resilience remains a top priority.</p> <p>The MTFP will be reviewed with a focus on further strengthening the Council's long-term capital and balance sheet position, and the strength of its reserves. The Council has £3m contingency annual budget and risk reserves of £20m.</p> <p>Further a review of the financial thresholds for capital projects is underway, the capital programme and a review of the financial model of Meridian Water due to be considered at October Cabinet.</p> <p>Preparation for the MRP outcome had been initiated earlier this year with a review of the current MRP policy; an assessment of the implications of changes by the Treasury advisers is being sought.</p>
<p>Information Governance</p> <p>The Council requires adequate security controls and processing of its data and information in order to provide excellent protection of data</p>	<p>The Council has invested in new management software for information requests, and this will be rolled out during the year.</p> <p>The Cyber Security function will</p>

<p>and service to customers in regard to its duties under the Data Protection and Freedom of Information Acts.</p>	<p>implement a work plan to further enhance the Council's data security. This is reported to the GPC twice a year.</p> <p>The Council policies and processes will be reviewed to ensure they remain good practice.</p> <p>The cross council information governance board is in place and meets regularly.</p>
<p>Subsidiary Company strategy.</p> <p>The Council's subsidiary companies deliver services to assist in provision to residents. However, they represent significant investment from the Council, and it is therefore appropriate that their use and role in the Council's holistic approach to service delivery is reviewed at regular intervals.</p>	<p>The Council has commissioned independent strategic reviews of its companies, which will report in the year and will form the basis of a strategic approach to companies which will be reflected in the MTFP.</p> <p>In addition, a number of actions were identified as a result of a review of company governance, these are being monitored at the Finance Continuous Improvement Board.</p> <p>In 2021-22, an internal operational document setting out the loan agreements with Companies was drafted. This will be reviewed in 2022-23.</p>
<p>Statement of Accounts 2019/20, 2020/21 – audit outstanding</p> <p>The Council Statement of Accounts for 2019/20 and 2020/21 audit has not been completed. The Council's Accounts have been published on time however, the audit has been delayed through resourcing challenges in the external auditors and more latterly an unresolved national technical issue related to infrastructure assets valuations.</p>	<p>The General Purposes Committee receives regular updates on the progress of the accounts external audit and the improvements in the Council's processes. The council has retained additional resources to expedite the Audit once this commences.</p> <p>In this context, assurance around the credibility of the finance function is sought from alternative sources including: internal audit, reviewing of public interest reports and assessing LBE in the light of these, the CIPFA FM independent review, external reviews such as our MRP policy (February 2022); training for all Housing and Finance colleagues on HRA financing (this was</p>

	<p>in response to public interest reports in other councils).</p> <p>A Finance Continuous Improvement Board is in place to monitor progress on these improvements.</p>
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General governance and Risk Management Actions for 2021/22

The Council will review the effectiveness of the enhancements to the Scrutiny process made in previous years, to ensure the arrangements are operating as expected and providing a good quality of scrutiny.

The Council will review policies and processes in regard to information transparency, to enhance availability of Council information and provision of excellent service under Data Protection and Freedom of Information legislation.

REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness.

The effectiveness of governance arrangements is monitored and evaluated throughout the year and activity undertaken includes:

- Consideration of governance issues by the Executive Management Team, the Assurance Board and Departmental Management Teams including risk registers, counter fraud updates and internal audit reports
- Preparation of a rolling plan of audit coverage provided by the Head of Internal Audit and Risk Management which is primarily based on an assessment of the Council's risk profile.
- The Annual Audit Opinion which is provided by the Head of Internal Audit and Risk Management.
- Ongoing assessment of internal management processes including performance management and compliance monitoring
- The work of the Council's governance boards and working groups, including the Executive Management Team, the Assurance Board, other Management Boards, Departmental Management teams and working groups (e.g. the Risk Management Group)
- The independent views of regulatory inspection agencies such as Ofsted and the Care Quality Commission

- The views of external auditors regularly reported to the General Purposes Committee including regular progress reports and the Annual Audit Letter
- The work of the General Purposes Committee that includes ensuring best practice in corporate governance is applied across the Council.

Internal Audit Plan

The Council operates an Annual Internal Audit Plan to review the effectiveness of its governance in specific areas. The development of the audit plan targets those areas considered to be higher risk for the Council and for residents. Due to this, the likelihood of negative assurance levels on individual audits increases, as any control weakness identified will be proportionally more significant in high-risk areas. The methodology of financial auditing continued to encompass comprehensive whole system reviews of key financial processes and schools are audited on a rotational basis.

In summary, the conclusion is that there is a reasonable assurance (based on the evidence reviewed), there was a similar number of audits of concern (limited or no assurance) to the previous year, however, significant progress has been made with the speed of completing red and medium audit actions. This is set out in more detail below.

The Council (via the General Purposes Committee) commissioned the 2021/22 Internal Audit Plan leading to 38 assurance opinions given within the year, of which 2 received a *No Assurance* rating, and 14 received a *Limited Assurance* rating. Combined, these represent 42% of opinions given during the year; this compares to 2021-22, where *Limited* and *No Assurance* reports constituted 41% of total opinions.

No Assurance reviews related to:

- DWP Revised Memorandum of Understanding 2020-21
- St. Anne's Catholic High School for Girls

Limited Assurance reviews related to:

- Council staff leaving process
- Community Equipment Services
- Deprivation of Liberty Safeguards
- Financial Management of Bridgewood House
- Primary Behaviour Support Service
- Secondary Behaviour Support Service
- Community Infrastructure Levy
- Grounds Maintenance
- Meridian Water – Contract Management
- Oversight of Montagu LLP
- Oversight of Energetik
- Bush Hill Park Primary School
- Eldon Primary School

- Oakthorpe Primary School

Common high-risk finding themes within the corporate *No* and *Limited Assurance* reviews related to:

Governance arrangements

Further improvements are required to strengthen the governance environment. In particular, we have continued to find that compliance with the Council's Contract Procedure Rules can be improved. Additionally, there is scope for better contract management practices to be put in place.

We also found there is scope for improving the wider understanding of related party transactions and conflicts of interest in relation to procuring services particularly in schools.

There is also a need for greater clarity in terms of governance arrangements particularly where several groups/boards have interest in particular areas or projects.

In some areas, policies and procedures, including authorisation and review procedures have not been kept up to date and in line with current operational practices.

The need to document and retain key checks carried out (e.g. Baseline Personal Security Standards) needs to be reinforced.

Performance monitoring

In several audits we found that operational performance monitoring could be improved by the use of relevant metrics and ensuring performance is reported to and understood by relevant management levels.

Mandatory training

Managers not ensuring their teams completed the Council's mandatory training was highlighted in a number of audits, we do appreciate that there are some difficulties in obtaining this information from the HR systems and acknowledge that the HR team are resolving these issues.

Audit action monitoring

Audit actions recommended to address control weaknesses identified are monitored through the year for implementation by officer Assurance Board. The Assurance Board membership includes the Chief Executive, Section 151 Officer and Monitoring Officer.

For 2021-22, as at 31st March 2021, all actions due were implemented except for 9 high risk actions and 14 medium risk actions. This compares to 15 overdue high-risk actions and 40 overdue medium risk actions at 31st March 2021.

Assurance Statement

Based on the work undertaken by the Internal Audit team during 2021/22 the opinion of the Head of Internal Audit and Risk Management is that the arrangements for governance, risk management and internal control provided *Reasonable Assurance* that material risks, which could impact upon the achievement of the Council's services or objectives, were being identified and managed effectively. This is based on the work undertaken by the Internal Audit team during 2021/22. Improvements are required in the areas identified in the audit reports to enhance the adequacy and effectiveness of the framework of governance, risk management and internal control.

Conclusion

The Council is satisfied that appropriate governance arrangements are in place. We propose over the coming year to take the steps to address the matters identified above to further enhance our governance arrangements.

Signed on behalf of Enfield Council:

Ian Davis
Chief Executive
Date:

Councillor Nesil Caliskan
Leader of the Council
Date:

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GENERAL PURPOSES COMMITTEE – WORK PROGRAMME 2022/23

Issue/Item	29-Jun-22	25-Jul-22	20-Oct-22	01-Dec-22	19-Jan-23	16-Mar-23
Annual Statement of Accounts/Governance Statement - will include Council updates, 2020 report, and update on fees, all as necessary and appropriate	Update on Audit of the 2019/20 Final Accounts Update on the Audit of 2020/21 Statement of Accounts and Pension Fund and Progress on 2021/22 Council's Accounts	Update on Audit of the 2019/20 and 2020/21 Statement of Accounts and Pension Fund and progress on the 2021/22 Council's Accounts	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	2020/21 and 2021/22 Statement of Accounts	2020/21 and 2021/22 Statement of Accounts	2020/21 and 2021/22 Statement of Accounts
	Annual Governance Statement					Council main Account & Pension Audit Plan 2022/23
External Audit Contracting Arrangements Review					Report - update on the PSA 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, FOI, MECS etc - annual report					Report	
Regulation of Investigatory Powers Act 2000 (RIPA) – incl legislative changes					Report - Monitoring Officer	Report - Monitoring Officer
Information Governance & Document Retention	2021-22 Annual Data Protection Officer Report - R Choudhury					
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 Wraaxli	
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
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 UG/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					Report setting out Training and Development undertaken by GPC members	Work plan for start of municipal year setting out Member Induction and Training (NEW in response to the CPFA review of the GPC) - Monitoring Officer
CPFA Review of GPC Report (including the implications of the MHCLG New Local Audit Framework Technical)					Update on the GPC CPFA Review Action Plan	
Name	Frequency					
Counter Fraud Strategy & Operating Plan (*)	Every 3 yrs					
Risk Strategy & Operating Plan (*)	Every 3 yrs					

* Agreed March 2022 GPC

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

Document is Restricted

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