

# Public Document Pack



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## GENERAL PURPOSES COMMITTEE

**Thursday, 1st December, 2022 at 7.00 pm in the Conference Room,  
Civic Centre, Silver Street, Enfield, EN1 3XA**

### **Membership:**

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

Independent Member: Peter Nwosu

### **AGENDA – PART 1**

#### **1. WELCOME & APOLOGIES**

#### **2. DECLARATIONS OF INTEREST**

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

#### **3. MINUTES OF PREVIOUS MEETING (Pages 1 - 6)**

To agree the minutes of the General Purposes Committee meeting held on 20 October 2022.

#### **4. AUDIT AND RISK MANAGEMENT SERVICE PROGRESS UPDATE (Pages 7 - 32)**

The Audit and Risk Management Service Progress update report summarises the results of the work undertaken during the period 1 April 2021 to 31 October 2022 and the continued work to target limited audit resources

at the highest priority Corporate and Schools' services.

**5. UPDATE ON FINANCIAL RESILIENCE/MANAGING THE SAVINGS**  
(Pages 33 - 40)

The report provides an overview on the Council's financial resilience and managing the savings.

**6. UPDATE ON THE AUDIT OF THE 2019/20, 2020/21 AND 2021/22 STATEMENT OF ACCOUNTS AND PENSION FUND** (Pages 41 - 48)

Following the publication of the draft 2021/22 Statement of Accounts (including Pension Fund), the report provides an update on the audit status of each year of open, unaudited accounts for the three financial years 2019/20, 2020/21, and 2021/22.

**7. DATES OF FUTURE MEETINGS**

To note the next meeting of the General Purposes Committee is scheduled to take place at 7pm on Thursday, 19 January 2023.

**AGENDA - PART 2**

**8. 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).

**9. MERIDIAN WATER RISK REGISTER UPDATE** (Pages 49 - 60)

The report provides an update on the Meridian Water Risk Register.

# **MINUTES OF THE MEETING OF THE GENERAL PURPOSES COMMITTEE HELD ON THURSDAY, 20TH OCTOBER, 2022**

**MEMBERS:** Councillors Mahym Bedekova (Chair), Ayten Guzel (Vice Chair), Nawshad Ali, Alessandro Georgiou, Suna Hurman, Joanne Laban, Elisa Morreale, Sabri Ozaydin, Paul Pratt and Peter Nwosu (Independent Person)

**Officers:** Fay Hammond (Executive Director – Resources), James Newman (Director of Finance - Corporate), Terry Osborne (Director of Law and Governance - Chief Executive Department), Gemma Young (Head of Internal Audit and Risk Management - Chief Exec Legal Services), Eleanor Brown (Head of Transformation - Resources), Sarah Fryer (Head of Schools Personnel Service – Chief Executive Department), Annette Trigg (Chief Accountant – Resources), Will Wraxall (Shareholder and Commercial Partnerships Manager - Resources), Joseph Keane (National Management Trainee - Chief Executive Department), (Marie Lowe (Governance and Scrutiny Officer - Chief Executive Department)

**Also Attending:** Lisa Blake ((Partner/Head of Public Sector Assurance) BDO External Auditors) and David Eagles ((Partner) BDO External Auditors)

## **1. WELCOME & APOLOGIES**

The Chair welcomed everyone to the meeting, particularly representatives from the Council's External Auditors, BDO, Lisa Blake (Partner / Head of Public Sector Assurance) and David Eagles (Partner).

Apologies for absence were received from Councillor Michael Rye, who was substituted by Councillor Paul Pratt and Councillor Esin Gunes, who was substituted by Councillor Suna Hurman.

## **2. DECLARATIONS OF INTEREST**

No declarations of interest were received.

## **3. MINUTES OF THE MEETING HELD ON 29 JUNE 2022 AND 26 JULY 2022**

**AGREED** the minutes of the General Purposes Committee meetings held on 29 June 2022 and 26 July 2022.

## **4. AMENDMENT TO THE CONSTITUTION - STAFF FORUM / JOINT CONSULTATIVE GROUP FOR TEACHERS (JCGT)**

The report was presented by Eleanor Brown, Head of Transformation. The report the proposed changes to the arrangements for consultation meetings between School Professional Associations, elected members, senior officers, and others.

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Members expressed the view that, whilst it was important that the consultative meetings had representation from unions, there should also be a significant presence of Head Teachers, teachers and other school staff who should be provided with an opportunity to attend to put forward their views, and those of their colleagues. It was in everyone's interest that a balanced view be put rather than an over representation of one group of individuals.

**AGREED** that:

1. A Members and Professional Associations Schools Group to facilitate discussion and consultation between elected members, senior officers and school professional associations on issues related to the school's workforce be established together with the consequential abolition of the Staff Forum be agreed;
2. Consideration be given to wider representation of school staff on the proposed consultative body be agreed;
3. The School Workforce Consultation Group (SWCG) would continue to meet termly and that the half-termly meetings with Enfield Schools' Personnel Service would also continue, as required be noted; and
4. The consequential constitutional changes be recommended to Full Council for approval.

### **5. ENFIELD COUNCIL CORPORATE COMPLAINTS ANNUAL REPORT 2021-22**

The report was introduced by Eleanor Brown, Head of Transformation. The report summarised the findings of the review of corporate complaints during 2021-22 and focused on the nature of complaints and the learning they provided to improve services in the future. The report also provided an overview of Member Enquires (MEQ) which had been requested by the Committee in May 2022.

Officers advised that the case management systems for complaints, subject access requests (SARs) and Member enquiries were still being improved to improve user experience and to improve the way we submit and the extract information for action and analysis.

Members considered a response time of six weeks to respond to MEQs to be unacceptable. Officers acknowledged that there had been a delay in providing responses to some MEQs and that this was due in part to some staff in departments not fully understanding the system and how to process the MEQs.

The introduction of the new MEQ case management system, resource structure and handling policy during 2022/23 were designed to improve response performance and quality of those responses to Members and consequently to residents. Where skills, knowledge gaps or poor

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understanding of the use of the system had been identified training had been provided and would continue to be provided.

The Executive Director – Resources confirmed that the information relating to complaints was seen by the Chief Executive, Executive Directors and Directors and that work is on-going to address and understand the reasons behind the high volumes of service requests and particular issues, such as missed bins. Should a MEQ be closed prematurely, or the service request not be dealt with satisfactorily, members were asked to send the case to the Executive Director/Director. Whilst Officers were continually striving to improve service areas and the target was to respond to 95% of MEQs within 8 days, it was acknowledged that an 80% response rate was unsatisfactory.

Members commented that the MEQ training and working group had been very useful, and the involvement of additional members would be welcomed.

Officers, in response to a question from a member regarding whether there had been a reduction in the submission of MEQs through the new system compared to the previous methods, undertook to provide the information. Generally, there were fluctuations over the year in each quarter.

**AGREED** that the findings and improvement actions included in the Corporate Complaints Annual Report be noted and a further update report be brought to the meeting of the General Purposes Committee on 16 March 2023.

## 6. AUDIT AND RISK MANAGEMENT SERVICE PROGRESS UPDATE

The report was introduced by Gemma Young (Head of Internal Audit and Risk Management. The report summarised the results of the work undertaken during the period 1 April 2021 to 31 August 2022 and the continued work to target limited audit resources at the highest priority Corporate and Schools' services.

Members noted with concern the improvements and actions taken regarding the results of the completed audit in relation to CR09 – Cross Cutting – Corporate Health and Safety Board which had a limited assurance level. However, members were reassured that the Corporate Health and Safety Board now reports into the Assurance Board, chaired by the Chief Executive.

Officers advised Members, who had also expressed concerns regarding the continued delays regarding the Community Infrastructure Levy referred to in Appendix B: Overdue High-Risk Actions, that the Assurance Board were actively discussing and progressing this particular audit to ensure the actions were completed expeditiously.

**AGREED** that the work completed by the Audit and Risk Management Service during the period 1 April 2021 to 31 August 2022 and the key themes and outcomes arising from this work be noted.

## 7. CORPORATE RISK REGISTER UPDATE

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The report was introduced by Gemma Young (Head of Internal Audit and Risk Management). The report presented a summary of risks and the latest Corporate Risk Register (CRR).

In response to a query from members regarding the risk score for the corporate risk - CR06 (Customer Demand) which had been increased from 12 to 16, members queried that given the current social and economic situation the expectation was that there would be increased challenges for the Council with a resulting increase to risk. Officers undertook to check all scores to eliminate any transposition errors.

The Executive Director – Resources, referring to CR20 - Financial Management, stated that once the external auditor BDO had carried out and completed their work in relation to the additional queries they had raised, the audit of the accounts could be progressed.

**AGREED** that the Corporate Risk Register presented at Appendix A of the Officers report be noted.

### **8. UPDATE ON THE AUDIT OF THE 2019/20, 2020/21 AND 2021/22 STATEMENT OF ACCOUNTS AND PENSION FUND**

Members of the Committee welcomed the representatives of the Council's External Auditors, BDO, Lisa Blake and David Eagles, who had attended the meeting together with officers, to provide an update on the unaudited accounts for the three financial years 2019/20, 2020/21, and 2021/22.

Officers provided an update on the audit status for each year of open unaudited accounts for the three financial years 2019/20, 2020/21, and 2021/22 (including Pension Fund) together with a position statement with regards to the situation with the Council's external auditor, BDO.

At the invitation of the Chair and for the benefit of the committee, the BDO representatives gave additional context to the previous two and a half years, summarised the current position and explained their plan to ensure that the unaudited accounts were signed off.

The Committee noted the reasons why the accounts for the last three years had not been signed-off and the events leading up to the current position.

Members of the committee expressed their dissatisfaction with the overall performance of BDO, which was considered to be totally unacceptable, and BDO's inability to progress sign-off of the accounts as stipulated in the current contract. Members insisted that BDO provide a clear timetable and end-date as to when the accounts would be signed off, barring the sector-wide infrastructure assets issue which had been fully explained to the committee in reports at previous meetings. Members noted that it was hoped the

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infrastructure issue would be concluded before the end of the 2022 calendar year or very early in the new year.

Members were deeply concerned regarding the reputational risks to the Council. Members could not understand why there was a further delay when BDO had indicated that they hoped that an audited set of accounts, infrastructure assets aside, would be brought to the committee meeting. Members also expressed their dissatisfaction with the contractual arrangements with the Public Sector Audit Appointments Limited (PSAA), which allowed for continual shift and prevented the sign-off of the accounts.

Officers reported that all the information necessary for the audit to continue through the due process had been supplied to BDO and Council staff were on standby and ready to respond to any further requests for information from BDO. It appeared to members that there were problems being experienced by BDO in providing sufficient resource to continue with the audit and that BDO appeared to prioritise audits for other organisations, namely the NHS, over and above Enfield.

The representatives from BDO explained that it had been very difficult to reschedule the work due to the resources available, although some additional resource had been supplied by BDO. The representative also confirmed that BDO would not be paid until the audits were complete. The Audit Partner, David Eagles, responsible for the 2019/20 audit, explained that he was booked in on 1 November 2022 to work on Enfield's 2019/20 audit, and hoped that 2019/20 accounts audit would be finalised, infrastructure assets aside, for the next GPC meeting on 1 December 2022. Lisa Blake, responsible for 2020/21 accounts, explained that she had a team booked to re-commence audit of the 2020/21 accounts from November, but that this was dependent on the 2019/20 audit being finalised.

Members requested that the representatives attend every meeting, either in person or, virtually, should personal attendance not be possible for any reason, until at the accounts for which BDO are signed-off.

Officers advised that going forward there would be a more robust contract in place than that which was in place with BDO.

**AGREED** that:

1. The information provided within the report of Officers on the status on progress of audit of London Borough of Enfield's open sets of accounts for the since the meeting of the General Purposes Committee held in June 2022, together with the 2021/22 draft accounts now published, be noted;
2. The current accumulated backlog of three financial years 2019/20, 2020/21, and 2021/22 of unaudited statement of accounts be noted;

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3. It be noted that, the audit of the 2019/20 statement of accounts, barring the sector-wide infrastructure assets issue, had not been finalised as expected, but that BDO hoped to have the audit finalised (infrastructure assets aside) for the next GPC meeting on 1 December 2022; and
4. Representatives of the Council's external auditor, BDO should attend every subsequent meeting, either in person or virtually, until all the audited accounts for the three financial years 2019/20, 2020/21, and 2021/22 of unaudited statement of accounts had been signed off.

### **9. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) UPDATE**

As a result of the guillotine being applied, there was no discussion on this item.

**AGREED** that:

1. The Council's use of powers under the Regulation of Investigatory Powers Act 2000 (RIPA) between 10 March 2021 and 9 September 2022 be noted; and
2. A review of the Council's use of Regulation of Investigatory Powers Act 2000 (RIPA) powers be reported every three years.

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

**AGREED** that the work programme of the General Purposes Committee be noted.

### **11. DATE OF NEXT MEETING**

**NOTED** the next meeting of the General Purposes Committee was scheduled to take place at 7pm on Thursday, 1 December 2022 at the Civic Centre.

The meeting ended at 10.35 pm.

**London Borough of Enfield****General Purposes Committee****1 December 2022**

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**Subject:** **Audit and Risk Management Service Progress Update****Cabinet Member:** **Cllr Tim Leaver, Cabinet Member for Finance & Procurement****Executive Director:** **Ian Davis, Chief Executive****Key Decision:** **N/A**

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**Purpose of Report**

1. The Audit and Risk Management Service Progress Update Report at 31 October 2022 (**Annex A**) summarises:
  - the results of the work that the Audit and Risk Management Service undertook during the period 1 April 2022 to 31 October 2022.
  - the continued work of the Head of Internal Audit and Risk Management, in collaboration with the internal Assurance Board, to target limited audit resources at the highest priority Corporate and Schools' services.
2. Progress has been made in delivering the 2022/23 Internal Audit plan, with 90% of reviews having commenced. Of these, 30% have been finalised. This compares to 59% commencement and 25% completion for the same period in 2021.
3. Since the audit plan was agreed by the General Purposes Committee in March 2022, 12 audits have been cancelled, and 12 further audits have been added to the plan.
4. 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.
5. Whilst we continue to make progress in delivering the audit plan, it should be noted that we have not yet completed sufficient audits on which to base the annual internal audit opinion. This is being reported to, and monitored by, the Assurance Board and we will continue to update the Committee.
6. With the support of the Assurance Board, we remain satisfied with the implementation rate of agreed audit actions. As at 31 October 2022, the implementation rate (12-month rolling basis) for actions from high risk findings is 84% and for medium risk findings is 80%. This compares to 74% for high risk finding implementation at the same time last year and 83% for medium risk

implementation. A summary of the overdue actions from high-risk findings at 31 October 2022 is presented in **Annex A**.

## **Proposal**

7. The General Purposes Committee is requested to:

- note the work completed by the Audit and Risk Management Service during the period 1 April 2022 to 31 October 2022 and the key themes and outcomes arising from this work.
- provide feedback on the contents of this report.

## **Reason for Proposal**

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

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

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

9. 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**

10. 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**

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

## **Background**

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

13. 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.

14. The Internal Audit Plan for 2022/23 was agreed by the General Purposes Committee on 3 March 2022.
15. **Annex A** summarises the work completed by the Audit and Risk Management Service between 1 April 2022 and 31 October 2022.

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

16. 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.
17. The Audit and Risk Management Service supports management in the identification and mitigation of risks as part of its work.

### **Safeguarding Implications**

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

### **Public Health Implications**

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

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

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

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

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

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

22. 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.
23. The Audit and Risk Management Service supports management in the identification and mitigation of risks as part of its work and therefore, if this work is not carried out, reviewed, and followed up, the Council faces the risk of legal, financial, and reputational loss.

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

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

**Financial Implications**

25. Section 151 of the Local Government Act 1972 requires that every local authority in England and Wales should “make arrangements for the proper administration of their financial affairs”. The Chief Finance Officer (Section 151 Officer) in a local authority must lead the promotion and delivery, by the whole authority, of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively. The role of the Section 151 includes ensuring that the systems and processes for financial administration, financial control and protection of the authority’s resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice. The Accounts and Audit (England) Regulations 2015 requires that a ‘relevant body shall maintain an adequate and effective system of internal audit of its accounting records and its system of internal control’.

26. The role of audit supports this by undertaking a review of the controls in place, the Internal Audit plan sets out in partnership to achieve this by:

27. 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.

28. 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.

29. In this context, the Internal Audit plan is developed in partnership with the wider organisation, seeking to focus on areas of the greatest risk in order to ensure that the appropriate controls are in place and where controls are found to be inadequate plans to address these are implemented.

**Legal Implications**

30. 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)).

31. The Accounts and Audit Regulations 2015 (the ‘2015 Regulations’) places an obligation on local authorities to maintain a system of internal audit whereby it:

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk.

32. The internal audit service must be effective in order to evaluate the effectiveness of its risk management, control, and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.
33. 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.
34. This report notes its statutory obligations and latest Internal Audit Plan to manage risk and to report at the General Purposes Committee, on the Audit and Risk Management Service Progress status at regular intervals in order to assess and minimise risk to this Council. Annexes A and B present the Internal Audit Plan and overdue high risk actions, respectively.
35. This report addresses the statutory obligations for local audit processes in compliance with the 2015 Regulations, the Public Sector Internal Audit Standards (PSIAS) and relevant statutory legislation and guidance. Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life

### **Workforce Implications**

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

### **Property Implications**

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

### **Other Implications**

38. N/A

### **Options Considered**

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

### **Conclusions**

40. The General Purposes Committee is requested to:

- note the work completed by the Audit and Risk Management Service during the period 1 April 2022 to 31 October 2022 and the key themes and outcomes arising from this work.
- provide feedback on the contents of this report.

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Date of report: 18 November 2022

**Appendices**

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

**Background Papers**

None

**Annex A**

# **Audit and Risk Management Service**

## **Progress Update**

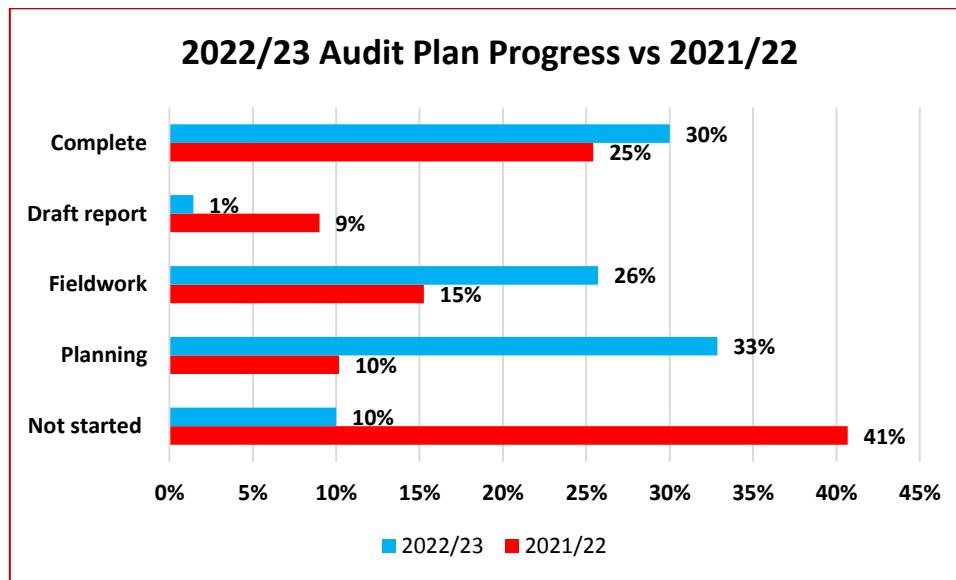
### **31 October 2022**

#### **Internal Audit**

##### **2022/23 Internal Audit Plan**

During the period 1 April 2022 to 31 October 2022, the Internal Audit team has commenced 63 assignments (90% of the plan) of which 21 (30%) have been completed. For the same period in 2021, 35 audits (59%) had commenced and 15 (25%) had been completed.

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



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

Since the internal audit plan was approved by the General Purposes Committee in March 2022, 12 audits have been cancelled, and 12 audits have been added.

The cancelled audits are:

<b>Corporate Risk Reference</b>	<b>Department</b>	<b>Audit</b>	<b>Reason for Cancellation</b>
CR02	Cross Cutting	Local Authority Test and Trace Support Grant	Advised by Finance that this grant is to be reported jointly with the Contain Outbreak Management Fund (COMF) grant. Therefore this separate grant cancelled.
CR02	People	Supporting Families - May	Audit cancelled at client request. Sample included in June certification.
CR02	People	Supporting Families - Aug	Cancelled at client request. Sample included in September certification.
CR04	Cross Cutting	Data Governance	As higher priority audits were added to the plan, this priority 2 audit was cancelled to align the internal audit plan to available resource.
CR08	Cross Cutting	Use of Spreadsheets	This audit was originally a request from Finance. The Finance Improvement Board has requested the deferral with the intention of reconsidering the audit in the medium term.
CR11	Place	Governance and Management of a Key Capital Project 1 - Cemetery Project	Agreed to cancel at Place Department Management Team meeting. A review of this project has already been undertaken and changes have been made.
CR12	People	PFI Contract Monitoring	As higher priority audits were added to the plan, this priority 2 audit was cancelled to align the internal audit plan to available resource.
CR12	Place	Highways Inspections	The implementation of a new inspection regime was delayed. Therefore the audit has been deferred to 2023/24 when new inspections will have been embedded.
CR14	Cross Cutting	Culture	As higher priority audits were added to the plan, this priority 3 audit was cancelled to align the internal audit plan to available resource.

<b>Corporate Risk Reference</b>	<b>Department</b>	<b>Audit</b>	<b>Reason for Cancellation</b>
CR19	Place	Building Safety	The full implementation of new building safety legislation has not been completed, and the audit is best timed to review our compliance when all aspects of the new arrangements are in place. The audit will now take place in 2023/24.
CR19	Chief Executives	Supporting Members	To align resources this audit will be combined with the Members' Ethics audit.
CR19	Chief Executives	Organisational Governance	As higher priority audits were added to the plan, this priority 3 audit was cancelled to align the internal audit plan to available resource.

The additional audits added to the 2022/23 internal audit plan are:

<b>Corporate Risk Reference</b>	<b>Department</b>	<b>Audit</b>	<b>Description</b>
CR02	Place	Culture Recovery Fund III	Deferred from 2021/22
CR02	Cross Cutting	Protect and Vaccinate Grant	Grant certification required
CR02	People	Highlands School Grant	Grant certification required
CR02	People	Universal Drug Treatment Grant	Grant certification required
CR02	People	Adult Weight Management Grant	Grant certification required
CR03	CEX	Staff Ethical Standards	Deferred from 2021/22
CR05	People	SEN Commissioning	Deferred from 2021/22
CR08	Cross Cutting	Board Reporting	Deferred from 2021/22
CR08	Cross Cutting	Use of Spreadsheets	Deferred from 2021/22
CR09	Cross Cutting	Security Board	Deferred from 2021/22
CR11	Place	Meridian Water: Financial Management of Capital Expenditure	Deferred from 2021/22
CR13	Resources	Oversight of Energetik Loan	To review performance

Corporate Risk Reference	Department	Audit	Description
		Repayments and Connection Timelines	monitoring of connection timelines and loan repayments.

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

## Completed Audits

21 audits have been completed to 31 October 2022:

Corporate Risk Reference	Department	Audit	Assurance Level
CR09	Cross Cutting	Corporate Health and Safety Board	Limited
CR17	Place	Recycling Waste Services Contract	Limited
CR05	People	Passenger Services Operations - Adults	Reasonable
Other	Schools	Chace Community School	Reasonable
Other	Schools	Carterhatch Infants School	Reasonable
CR20	Resources	Accounts Receivable	Substantial
CR09	Cross Cutting	Corporate Security Board	N/A – Advisory
CR02	Cross Cutting	Contain Outbreak Management Fund Grant (COMF) and Local Authority Test and Trace Grant Certification	N/A – Grant Certification
CR02	Cross Cutting	Protect and Vaccinate Grant	N/A – Grant Certification
CR02	People	Adult Weight Management Grant	N/A – Grant Certification
CR02	People	Supporting Families - June	N/A – Grant Certification
CR02	People	Supporting Families - July	N/A – Grant Certification
CR02	People	Supporting Families - Sept	N/A – Grant Certification
CR02	People	Supporting Families - Oct	N/A – Grant Certification
CR02	People	Bus Service Operators Grant	N/A – Grant Certification
CR02	People	Universal Drug Treatment Grant	N/A – Grant Certification
CR02	Place	Culture Recovery Fund III	N/A – Grant Certification
CR02	Resources	Test and Trace Support Payments Scheme	N/A – Grant Certification
CR02	People	Highlands School Grant Certification	N/A – Grant Certification
CR02	Schools	Orchardside School Grant Certification - Alternative Provision Specialist Taskforces Programme	N/A – Grant Certification
CR17	Cross Cutting	Green Homes Grant	N/A – Grant Certification

## Internal Audit Plan – Limited Assurance Reports

Since the last update to this Committee, one audit with **Limited** assurance opinion has been issued. The following summary from the audit report briefly explains the reasoning behind the assurance opinion:

### Recycling Waste Services Contract

In October 2015 Enfield Council entered into an eight year contract for the processing of co-mingled dry material through its material recovery facility with Biffa. The contract is due to expire in September 2023.

We were advised that the Waste Services Team tracks contamination, recycling, and gate rejects. In January 2022 it was agreed that a contamination project, consisting of short term, medium term, and long term plans, would be put into place to tackle an increase in rejected loads. The short term plan has since been completed and the next phase is in progress.

This audit was designed to provide assurance that the waste handling processes by external providers meet Council objectives and the Climate Change Plan.

During this audit we identified: **two high risk, two medium risk** and **one low risk** finding, resulting in an overall **Limited** assurance opinion.

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

1. A review of the reporting documentation outlined in 'Schedule 7' of the contract highlighted a number of exceptions. These include:
  - a. Bailing gravimetric data (the results of any tests including the requirements of the Materials Facility (MF) Regulations on Permitted Waste to ascertain the composition of separate materials) was not being provided despite it being detailed in the reporting schedule of the contract.
  - b. Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR), Enforcement/ Advisory Notices and Health & Safety Risk Assessments and Control Procedures was not being provided to the Council.
  - c. Formal minuted meetings to discuss the service being provided were not held.
2. The Council did not identify a £29,325 overcharge when the January to March 2022 invoice was approved. We were advised that the appropriate checking process had been followed, but the error went unnoticed. The overcharge was identified by the contractor who deducted it from the April to June 2022 invoice.

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

1. The performance management checks undertaken by the Waste Services Team to ensure that contract requirements are being fulfilled had not been formally agreed and documented. We were advised that the Waste Services Team are currently working with the Council's Procurement Team to formalise and improve the contract management processes in place.
2. Visual inspections of rejected loads, outlined in the contract, were no longer carried out. Instead, photographic evidence is now received for every full and part rejected load. This process change has not been formally agreed and documented.

### Annual Internal Audit Opinion

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

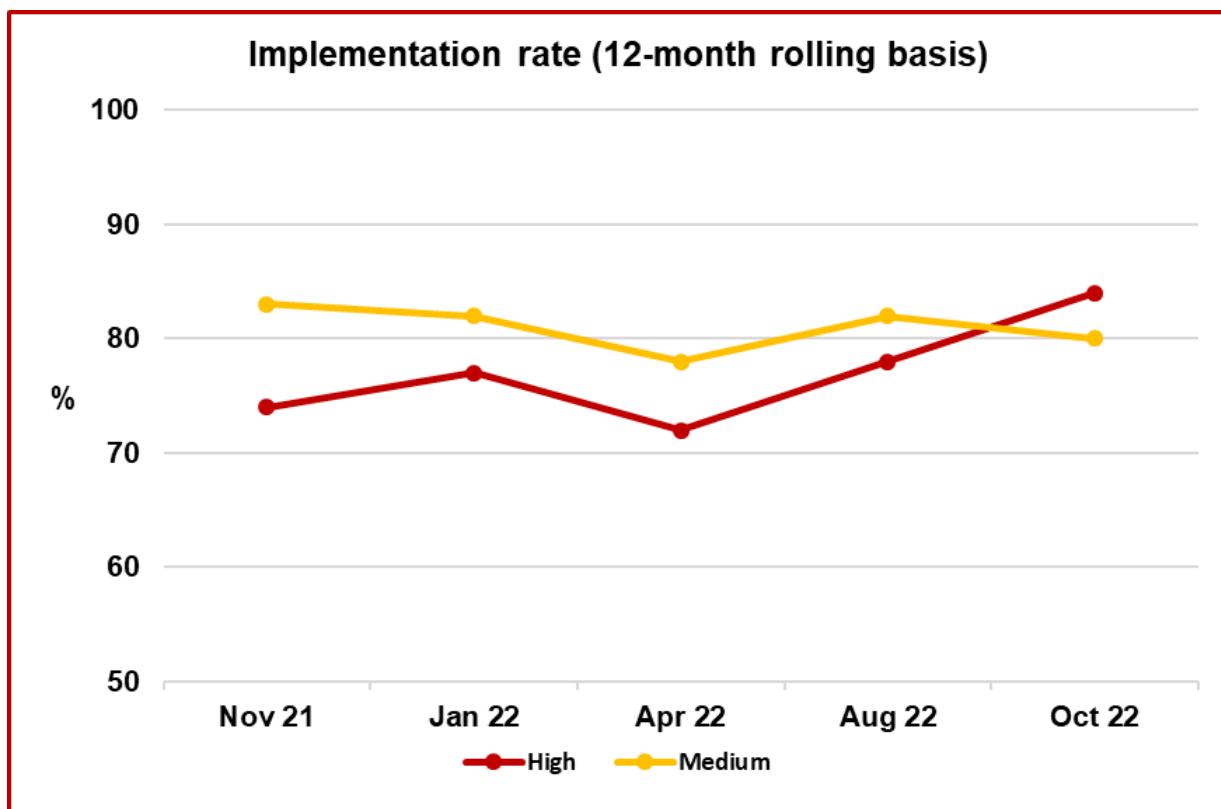
The PSIAS require the chief audit executive (who at the London Borough of Enfield is the Head of Internal Audit and Risk Management) to deliver an annual internal audit opinion.

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

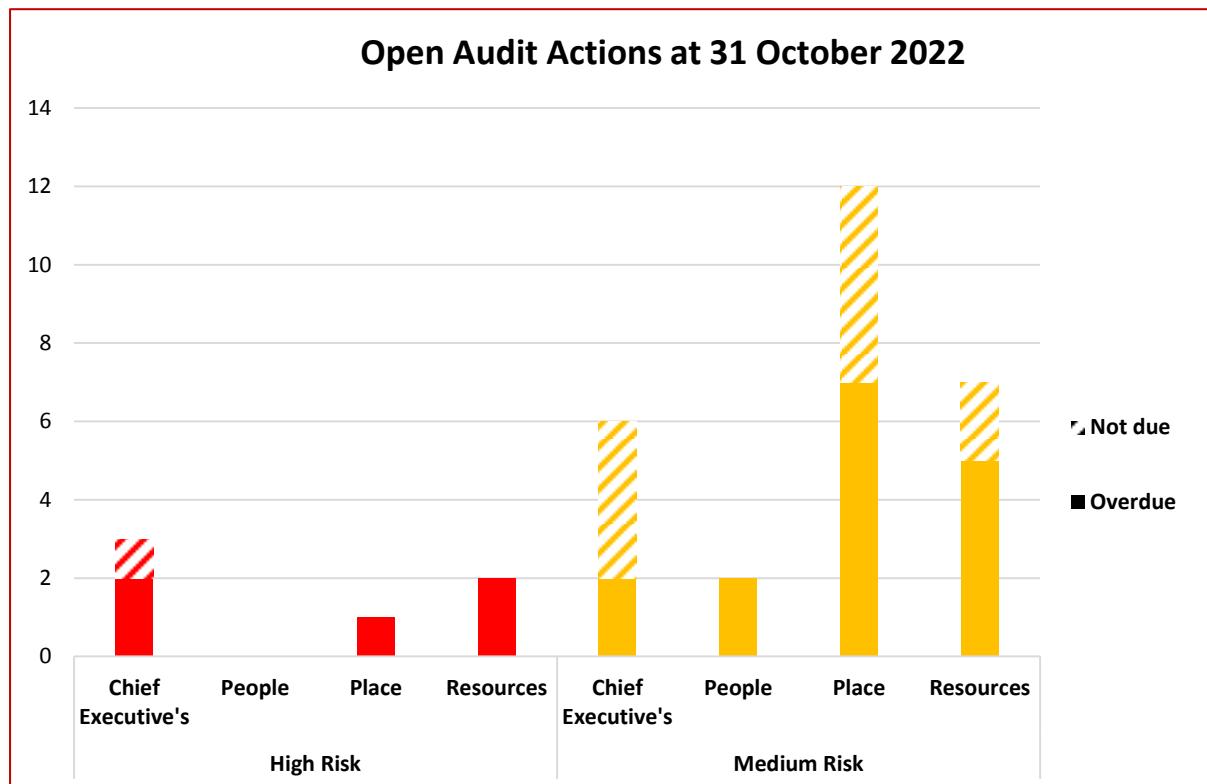
### **Corporate Audit Actions Implementation**

The Internal Audit and Risk Management team is responsible for tracking managers' progress with implementing internal audit actions.

As at 31 October 2022, the implementation rate (12-month rolling basis) for actions from high risk findings is 84% and for medium risk findings is 80%. This rate of implementation has remained fairly constant over the past year as can be seen from the chart below:



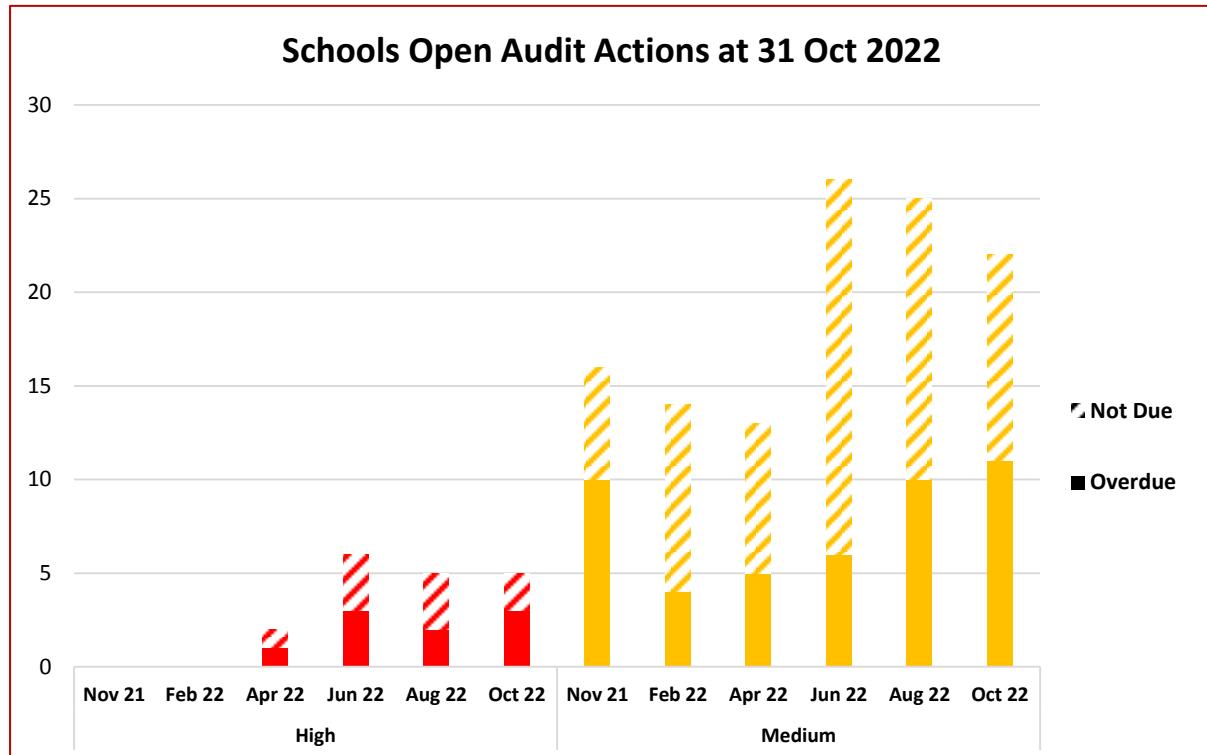
33 actions from high and medium risk findings identified from Corporate audits remain open. Of these, 21 actions (5 high risk and 16 medium risk) were not fully implemented by their original due date and are, therefore, classed as overdue. Overdue actions are shown by the solid coloured bars in the graph below.



Details of the overdue corporate actions from high risk findings are provided in **Appendix B**.

### Schools' Actions Implementation

At 31 October 2022, five actions from high-risk findings remain open; three of these are overdue. 22 actions from medium risk findings are open, of which 11 are overdue. The following chart summarises progress on schools' open audit actions over the last year.



In line with our escalation policy, overdue schools' actions are regularly notified to the Director of Education.

### **Internal Audit Quality Assessment**

Performance of the Internal Audit service against agreed Key Performance Indicator (KPI)/quality metrics for 2022/23 to date is:

KPI / Quality Metric	Target	Actual
Days from end of fieldwork to issue of draft report	15	9
Days from receipt of management comments to issue of final report	10	3
Level of satisfaction score with audit work	80%	93%*
% of the audit plan delivered to draft report stage	95%	31% By 31 March

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

### **Insurance**

#### **Litigated Successes**

The team's key litigated successes in 2022/23 are provided in the table below:

Department/ Service Area	Incident Date	Type of Claim & Claimant Allegation	Outcome	Reserve (£)
Highways	14/04/2019	Public Liability Paving trip	Claim successfully defended at trial	20,225
Parks	07/03/2019	Public Liability Trip on grassed area	Claimant discontinued pre-trial	74,130
Waste	16/04/2020	Motor LBE vehicle hit third party vehicle	Claim successfully defended at trial	11,535
Highways	01/10/2019	Public Liability Paving trip	Claim successfully defended at trial	23,678
				<b>£129,568</b>

*Attempts are made on all discontinued claims to recover the Council's defence costs*

#### **Key Performance Indicators (KPIs)**

Performance of the Insurance Team against 2022/23 KPIs is summarised below:

KPI / Quality Metric	Target	Average to date
% of new claims responded to within 24 hours	95%	97%
% of other correspondence processed within 10 days	80%	80%
Data accuracy - % of claims data correctly input into insurance database	90%	94%
Repudiation rate	65%	59%

## Significant claims

Current open high value claims (£75k and over) are summarised below:

Incident date	Department/Service Area	Circumstances	Total Reserve (£)
07/02/2021	Property	Fire	660,000
12/09/2021	Property	Escape of water/flood	350,000*
10/01/2018	Highways	Trip - pothole	146,303
11/09/2016	Property	Fire	144,145
22/09/2015	Housing	Trip – steps	136,810
01/04/1983	Highways & Parks	Noise induced hearing loss	110,000
16/04/2018	Fleet	LBE vehicle hit third party vehicle	103,200
01/04/2017	Highways & Trees	Subsidence	100,000
04/03/2019	Highways	Trip - payment	89,342
12/03/2019	Housing	Trip	80,000
19/10/2017	Schools - Primary	Trip – steps from stage	77,678
<b>TOTAL</b>			<b>£1,997,478</b>

\*This claim has a £250 policy excess, the balance of the claim will be paid from insurer funds

## Abuse Claims

Current abuse cases notified to the Insurance Team are summarised in the table below:

Incident year	Department/Service Area	Notification date	Allegations/Circumstances	Total Reserve (£)
2011	Children's Services	21/08/2019	Failure to remove	205,000
2017	Children's Services	19/05/2020	Failure to remove	196,000
2007	Children's Services	10/07/2019	Failure to remove	195,000
2012	Children's Services	02/10/2019	Abuse	175,000
2018	Children's Services	08/07/2019	Abuse	170,000
2007	Children's Services	15/11/2021	Failure to remove	75,000
2016	Children's Services	20/08/2021	Failure to remove	75,000
2017	Children's Services	23/09/2022	Abuse	20,000
2009	Children's Services	27/08/2021	Failure to remove (no formal	10,000

<b>Incident year</b>	<b>Department/ Service Area</b>	<b>Notification date</b>	<b>Allegations/Circumstances</b>	<b>Total Reserve (£)</b>
			claim – disclosure only) Own solicitor's costs only reserved at this stage	
<b>Total</b>				<b>£1,121,000</b>

### **Annual Insurance Renewal**

We have previously reported on the issues with the insurance market and unfortunately the market continues to be hard (fewer insurers, reduced capacity, higher premiums, more exclusions/conditions). Given this situation it is important for us to present our risks accurately and to provide as much information as possible to insurers.

In view of this, we have already started gathering information ahead of the renewal. This should allow us adequate time to collate all the necessary information and to answer questions put to us by insurers.

According to market information, our premium increase could be in the region of 20%.

As 2023/24 is the final year of our current insurance contract, we will be going out to tender in October 2023. We will start preparation for this process during the final quarter of 2022/23 with a view to obtaining the best possible prices.

## Appendix A: 2022/23 Audit Plan Status

Title	Audit Team	Audit Status	Assurance Level	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
<b>CR01 Financial Resilience</b>								
Payments to Residential Care Providers	PwC	Fieldwork in progress	-	-	-	-	-	-
ContrOcc - Lessons Learnt	In House	Planning	-	-	-	-	-	-
Land/Property Disposals	PwC	Planning	-	-	-	-	-	-
Economic Strategy	PwC	Planning	-	-	-	-	-	-
Transformation – Income and Debt Programme	In House	Fieldwork in progress	-	-	-	-	-	-
<b>CR02 Income Maximisation</b>								
Contain Outbreak Management Fund Grant (COMF) and Local Authority Test and Trace Grant Certification	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Local Authority Test and Trace Support Grant	In House	Cancelled						
Protect and Vaccinate Grant	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Supporting Families - May	In House	Cancelled						
Supporting Families - June	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Supporting Families - July	In House	Complete	-	-	-	-	-	-
Supporting Families - Aug	In House	Cancelled						
Supporting Families - Sept	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Supporting Families - Oct	In House	Complete	N/A – Grant	-	-	-	-	-

Title	Audit Team	Audit Status	Assurance Level	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
			Certification					
Supporting Families - Nov	In House	Not started	-	-	-	-	-	-
Supporting Families - Dec	In House	Not started	-	-	-	-	-	-
Supporting Families - Jan	In House	Not started	-	-	-	-	-	-
Supporting Families - Feb	In House	Not started	-	-	-	-	-	-
Public Health Grant	In House	Planning	-	-	-	-	-	-
Bus Service Operators Grant	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Highlands School Grant Certification	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Universal Drug Treatment Grant	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Adult Weight Management Grant	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Parking Contract	In House	Fieldwork in progress	-	-	-	-	-	-
Culture Recovery Fund III	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Education Funding	In House	Planning	-	-	-	-	-	-
Test and Trace Support Payments Scheme	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Orchardside School Grant Certification - Alternative Provision Specialist Taskforces Programme	In House	Complete	N/A – Grant Certification	-	-	-	-	-
<b>CR03 Fraud &amp; Corruption</b>								
Members' Ethics	In House	Not started	-	-	-	-	-	-

Title	Audit Team	Audit Status	Assurance Level	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Staff Ethical Standards	In House	Fieldwork in progress	-	-	-	-	-	-
Meridian Water Community Chest Grants	In House	Planning	-	-	-	-	-	-
Planning	In House	Not started	-	-	-	-	-	-
Blue Badges	In House	Planning	-	-	-	-	-	-
<b>CR04 Data Management</b>								
Smarter Working - Clear Desk Policy	In House	Not started	-	-	-	-	-	-
Data Governance	PwC	Cancelled						
<b>CR05 Duty of Care</b>								
Passenger Services Operations - Adults	In House	Complete	Reasonable	-	-	2	5	-
Enfield Early Help for All Strategy	In House	Planning	-	-	-	-	-	-
Post 16 Services	In House	Planning	-	-	-	-	-	-
Multi Agency Safeguarding Hub (MASH)	In House	Fieldwork in progress	-	-	-	-	-	-
SEN Commissioning	In House	Fieldwork in progress	-	-	-	-	-	-
Web Content Accessibility Guidelines 2.1 (WCAG 2.1)	PwC	Fieldwork in progress	-	-	-	-	-	-
<b>CR06 Customer Demand</b>								
Complaints and Information	PwC	Planning	-	-	-	-	-	-
<b>CR07 Digital Technology</b>								
Schools Cyber Security	In House	Fieldwork in progress	-	-	-	-	-	-
IT Statutory Compliance	In House	Planning	-	-	-	-	-	-
<b>CR08 Major Incident</b>								
Business Continuity Planning	PwC	Planning	-	-	-	-	-	-
Use of Spreadsheets	PwC	Cancelled						

Title	Audit Team	Audit Status	Assurance Level	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Board Reporting	In House	Fieldwork in progress	-	-	-	-	-	-
<b>CR09 Health &amp; Safety</b>								
Corporate Health and Safety Board	In House	Complete	Limited	-	1	4	2	-
Corporate Security Board	PwC	Complete	N/A – Advisory					
<b>CR10 Housing</b>								
Housing Repairs and Maintenance	PwC	Fieldwork in progress	-	-	-	-	-	-
Housing Development Programme Management - Bury Street West	In House	Planning	-	-	-	-	-	-
<b>CR11 Regeneration &amp; Growth</b>								
Governance and Management of a Key Capital Project 1 - Cemetery Project	In House	Cancelled						
Governance and Management of a Key Capital Project 2 - Building Bloqs	In House	Fieldwork in progress	-	-	-	-	-	-
Meridian One Supplier Management	PwC	Planning	-	-	-	-	-	-
Meridian Water: Financial Management of Capital Expenditure	PwC	Fieldwork in progress	-	-	-	-	-	-
<b>CR12 Supply Chain &amp; Contract Management</b>								
PFI Contract Monitoring	PwC	Deferred						
Highways Inspections	In House	Deferred						
DS Procurement	In House	Fieldwork in progress	-	-	-	-	-	-
<b>CR13 Commercial Ventures</b>								
Housing Gateway Limited (HGL) - Disabled Facilities Grant Process	In House	Planning	-	-	-	-	-	-
Housing Gateway Limited (HGL) - Suitability Assessment Process for HGL properties	PwC	Fieldwork in progress	-	-	-	-	-	-

Title	Audit Team	Audit Status	Assurance Level	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Energetik	PwC	Fieldwork in progress	-	-	-	-	-	-
<b>CR14 Staffing</b>								
Whistleblowing, Grievances and Disciplinary Procedures	In House	Planning	-	-	-	-	-	-
Culture	PwC	Cancelled						
<b>CR15 Tax</b>								
No audits currently planned against this risk								
<b>CR16 Community Cohesion</b>								
No audits currently planned against this risk								
<b>CR17 Climate Change</b>								
Green Homes Grant	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Waste Services Contract	In House	Complete	Limited	-	2	2	1	-
<b>CR18 Equality, Diversity and Inclusion</b>								
No audits currently planned against this risk								
<b>CR19 Legislation, regulations and standards</b>								
Organisational Governance	PwC	Cancelled						
Supporting Members	In House	Cancelled						
Building Safety	In House	Deferred						
<b>CR20 Financial Management</b>								
Accounts Receivable	PwC	Complete	Substantial	-	-	-	-	-
General Ledger	PwC	Planning	-	-	-	-	-	-
Business Rates Process	In House	Planning	-	-	-	-	-	-
Payroll - Calculations	PwC	Planning	-	-	-	-	-	-

Title	Audit Team	Audit Status	Assurance Level	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Financial External Audit Process	PwC	Fieldwork in progress	-	-	-	-	-	-
<b>Other</b>								
Mayor of the London Borough of Enfield Appeal Fund Accounts 2021/22	In House	Fieldwork in progress	-	-	-	-	-	-
Chace Community School	In House	Complete	Reasonable	-	-	4	7	1
The Latymer School	In House	Fieldwork in progress	-	-	-	-	-	-
Freezywater St George's CE Primary School	In House	Planning	-	-	-	-	-	-
St Andrew's (Enfield) CE Primary School	In House	Planning	-	-	-	-	-	-
St Ignatius College	In House	Planning	-	-	-	-	-	-
West Lea School	In House	Fieldwork in progress	-	-	-	-	-	-
Highfield Primary School	In House	Planning	-	-	-	-	-	-
Carterhatch Infants School	In House	Complete	Reasonable	-	-	3	7	1

## APPENDIX B: Overdue High Risk Actions

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
<b>Chief Executive's Department</b>					
Recruitment	Records & Documents – i-Grasp	<ul style="list-style-type: none"> <li>a) In the short term we will explore the options for extending the i-Grasp contract whilst work is carried out with Digital Services to ensure that an appropriate interim solution is put in place;</li> <li>b) We will ensure appropriate engagement takes place with Digital Services to investigate, procure and implement a fit for purpose application that meets the needs of the Recruitment Service. A detailed requirements analysis will be completed with Digital Services to feed into the wider SAP review projects.</li> </ul>	31-Aug-2021	<p><b>Update October 2022</b></p> <ul style="list-style-type: none"> <li>a) Implemented</li> <li>b) New system in implementation phase.</li> </ul> <p><b>Update January 2022</b></p> <ul style="list-style-type: none"> <li>a) Implemented</li> <li>b) Current system does not allow for this, engaging with Digital Services colleagues. iGrasp will no longer be supported at end of 2022.</li> </ul>	31-Oct-2022
Recruitment	Monitoring & Reporting- Management Information	<p>We will:</p> <ul style="list-style-type: none"> <li>a) Review our recruitment processes and identify and actively manage key performance indicators.</li> <li>b) Engage with the Knowledge and Insight Hub to identify effective methods of reporting recruitment performance.</li> <li>c) Ensure reporting requirements for the Service and its stakeholders are included in the specification for a replacement application.</li> </ul>	31-Jul-2021	<p><b>Update September 2022</b></p> <p>a &amp; b) Recruitment activities and reports are integrated in the workforce quarterly reports and the annual workforce reports provided by Knowledge and Insight Hub. HR will continue to work with Knowledge and Insight Hub to improve on this reporting based on the limited functionality of existing systems. In the meantime, reporting will be based</p>	31-Oct-2022

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
				on what can be extracted manually and reliably reported.  c) Implemented.	
<b>Place Department</b>					
Oversight of Montagu LLP	Governance and reporting arrangements are not clear and robust	<p><b>Agreed Action 1.1</b></p> <p>We will prepare a procedure document which will outline the governance arrangements in place (including the roles and responsibilities of the different Boards) for Montagu to ensure there is clarity regarding how the Joint Venture Board, the Property Board, Operational Board, Assurance Board and Executive Management Team (EMT) interact with respect to Montagu in terms of:</p> <ul style="list-style-type: none"> <li>- Finance and performance monitoring;</li> <li>- Decision making powers; and</li> <li>- Escalation routes</li> </ul>	31-Aug-2022	<p><b>Update October 2022</b></p> <p>The Terms of Reference (ToR's) for various boards have been collated and compared/analysed to ensure that appropriate reporting and escalation routes are all in place. The manner in which Boards interact will be monitored on an ongoing basis to ensure they remain fit for purpose.</p> <p><b>Update August 2022</b></p> <p>The project team have supplemented attendance at the main Joint Venture Board with an Operational Board which will monitor all KPI's financial performance and compliance with the Members' Agreement. A further internal Board also provides a forum to discuss upcoming main Joint Venture Board agenda items well in advance to aid the Council's decision making process and facilitate adequate and timely consultation. Escalation of</p>	31-Aug-2022

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
				appropriate issues to the Property and Assurance Boards remains in place and Terms of Reference are being firmed up. All meetings are minuted and action logs maintained	
<b>Resources Department</b>					
DWP Memorandum of Understanding	Baseline Personnel Security Standard (BPSS) Checks	<p>a) We will identify all relevant data users and system administrators working with the Council under the status of Contracted Service Provider and ensure that BPSS checks are undertaken.</p> <p>b) The outcome of these checks will be retained and copied to the Digital Services systems administrators.</p> <p>c) We will review the Civica contract to determine what assurances are required for Civica staff that access DWP/HMRC data on our behalf and will ensure these assurances are in place.</p>	31-Mar-2022	<b>Update October 2022</b> <ul style="list-style-type: none"> <li>a) Implemented</li> <li>b) Implemented</li> <li>c) Progressed. The review with Civica on Demand is in progress.</li> </ul>	31-Dec-2022
DWP Memorandum of Understanding	Governance Process	The governance procedures will be reviewed annually in line with the MoU to ensure they remain relevant and up to date.	31-Mar-2022	<b>Update October 2022</b> <p>The procedures were compiled in March 2022 and will be reviewed in March 2023.</p>	31-Mar-2023

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**London Borough of Enfield****General Purposes Committee****1 December 2022**

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<b>Subject:</b>	<b>Update on Financial Resilience/Managing the Savings</b>
<b>Cabinet Member:</b>	<b>Cllr Tim Leaver, Cabinet Member for Finance &amp; Procurement</b>
<b>Executive Director:</b>	<b>Fay Hammond, Executive Director for Resources</b>
<b>Key Decision:</b>	<b>No</b>

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**Purpose of Report**

1. This report provides an overview to the committee on the Council's Financial Resilience and Managing the Savings.

**Proposal**

2. The General Purposes Committee is recommended to:
  - a) Note the journey of financial resilience to the present time
  - b) Note the challenge presented by the current high inflationary environment which is exacerbating our (and the sector's) budget challenge for at least 2022/23 and 2023/24, across revenue and capital
  - c) Note the approach the Council is taking in closing the 2023/24 budget gap
  - d) Note the negative direction of reserve balances, after a period of upward trajectory
  - e) Note the fragile sector wide funding position and changing nature of the challenge, after 2023/24 is balanced.

**Reason for the Proposal**

3. The General Purposes Committee are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management. The Council's financial resilience is a core area of assurance; providing additional scrutiny.

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

4. Financial resilience and good governance are an underpinning theme to the Council's Corporate Plan. The Council's medium-term financial plan aims to use its limited resources to deliver the Council's objectives:
  - a) Good homes in well-connected neighbourhoods
  - b) Sustain strong and healthy communities
  - c) Build our local economy to create a thriving place

**Background**

5. Enfield, like other authorities, is facing unprecedented budget pressures in the face of rising inflation and the cost-of-living crisis. Authorities have been operating in a very challenging

financial environment over the last decade, but the scale of the current financial challenges and size of the budget gap currently forecast have never been faced before.

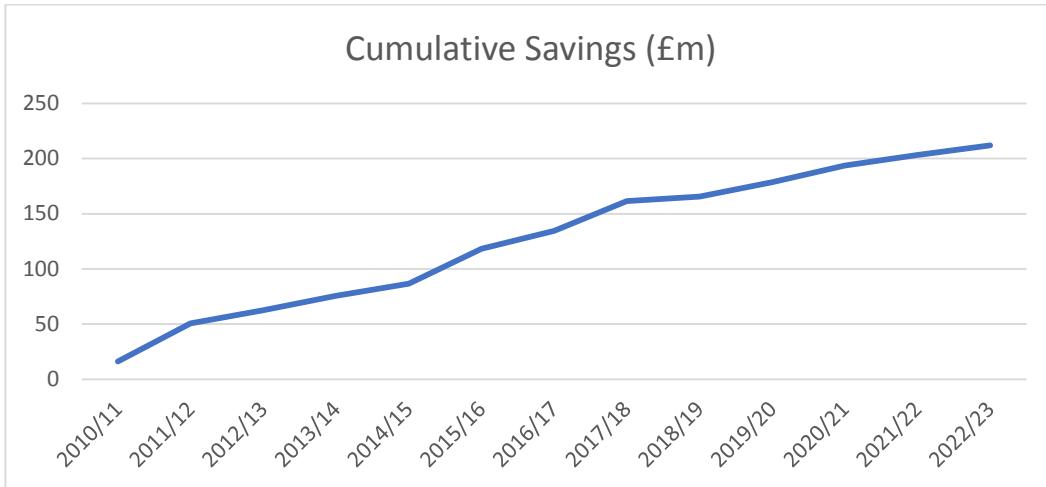
6. Rising inflation and COVID legacy pressures are having a significant impact on Enfield's current financial position. This is further compounded by:
  - a) Impact of austerity and the level of savings that have been delivered by the Council over the last decade
  - b) Demand led pressures across children's and adult social care, and temporary accommodation
  - c) Impact of the higher than expected pay award this year
  - d) Lack of certainty over the potential of any further government funding and as a result a prudent position being factored into projections.
7. Despite these huge budget pressures, Enfield is resolved to facing these challenges head on in setting a balanced, prudent and transparent budget based on the best know information and remains focused on continuing to create a better borough for the well-being of all our communities.
8. In the current environment, financial resilience and sustainability is of utmost importance in order to be able to deliver statutory services and make the difficult decisions needed to balance the budget and continue to remain viable, stable and effective in the medium to long term.
9. This report provides further details on the history, wider financial context as well as an update on the key areas of risk identified for Enfield's resilience and our approach to managing these.

#### **History – Enfield's financial position to 2022/23**

10. Local authorities have been operating in a complex and challenging financial environment for over a decade now. Austerity measures throughout this period, combined with the ongoing challenges such as increasing demand and cost pressures as well as the impact of covid-19 have had a significant impact on authority's financial positions and increased the risks to longer term sustainability.

#### Impact of Austerity since 2010/11

11. Local authorities faced ongoing and significant funding reductions in the decade since 2010/11. London Council's confirmed that Council's absorbed £4 billion cut to core funding for local services between 2010 and 2020.
12. In response to these funding cuts, Enfield undertook significant work and difficult decisions were made throughout this period to deliver in excess of £200m cumulative savings since 2010/11. Enfield's cumulative savings since 2010/11 are outlined in the graph below.



### Impact of Covid-19

13. Covid-19 had a further significant impact on the Council's financial position throughout 2020/21 and 2021/22. The Council faced unprecedented financial pressures from the Covid-19 pandemic, which preceded the decade of austerity and savings.
14. The impact of Covid-19 has further skewed local authorities financial positions over this period. CIPFA have highlighted this in their guidance on the use of the 2022 Financial Resilience Index, stating that "The data for 2020/21, however has been significantly impacted by the pandemic, as there have been additional payments made to local authorities in relation to COVID-19, and this has particularly affected reserves. The local context is important to understanding the position for each local authority".

### Focus on Financial Resilience

15. In response to the significant challenges of reduced funding and increased demand that authorities were facing, as well as high-profile issues faced by a number of authorities, the sector has had a strong focus over recent years on the importance of strengthening financial resilience and sustainability.
16. Enfield has also focused on strengthening our financial resilience and financial management arrangements. Considerable work has been undertaken to establish a stable and more resilient position over recent years, with an annual report on resilience considered by the General Purposes Committee.
17. Strengthening reserves has been a core element of the Enfield' financial strategy and focus in recent years. Improvements and areas of ongoing focus to support our financial resilience include:
  - i) Longer term financial planning as part of the Council's five-year Medium Term Financial Plan and ten-year Capital and Treasury Strategy
  - ii) Capital financing and regular assessment of interest rate risk
  - iii) Review of financial viability and affordability of capital projects with a heightened focus on the impact on revenue budgets
  - iv) Use of reserves
  - v) Internal financial governance and challenge arrangement including:
    - (1) Weekly Executive Management Team budget meetings
    - (2) Pressure challenge boards scrutinising revenue budgets
    - (3) Capital Finance Board
    - (4) Assurance Board
    - (5) Financial Improvement Board
18. These actions strengthened our position and ensured that the original 2022/23 budget was set on solid financial foundation. However, the scale of the financial challenges that have

emerged this year and forecast budget gaps over future years are unprecedented, with significant additional risks to our financial resilience and sustainability.

### **Enfield Revenue Q1: General Fund and Dedicated Schools Grant 2022/23**

19. Enfield's 2022/23 quarter one revenue report was presented to the September 2022 Cabinet meeting. The report outlined the Council's forecast position as at the end of June 2022 in comparison to the original budgeted position for 2022/23.
20. The Council is forecasting a very challenging financial position, with the forecast aggregate overspend for 2022/23 against the base £260m General Fund budget that was agreed in February, prior to the application of any reserves, is £26.6m. Planned use of reserves (including Covid-19 reserve) brings this overspend down to a residual £12.6m. The key themes outlined in the report are:
  - a) Notable inflationary pressures of £7.9m across energy and fuel inflation and estimated pay award costs in excess of those budgeted for
  - b) £4.7m increase in demographic costs in excess of those budgeted for in adult social care £2.0m; children's services £1.3m; temporary accommodation £1.1m; SEN Transport £0.3m
  - c) Offset by £3m contingency held for this purpose
  - d) £2.3m of unrealised income forecast in parking, cemeteries and planning
  - e) £1.2m of cost pressures in digital services

### **Enfield Medium Term Financial Plan (MTFP) – 2023/24 to 2027/28**

21. The forecast financial pressures continue into future years, as outlined in the medium-term financial plan update presented to Cabinet in October 2022. This outlined a forecast preliminary budget gap of:
  - a) £40.1m in 2023/24, prior to further actions and clarity on central government funding; and
  - b) £96.9m gap across the medium term to 2027/28.
22. The breakdown of the budget gap over the MTFP period is outlined in the table below.

Table – Summary of the Budget Gap over the MTFP period

<b>Summary of budget gap</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Funding Changes	(1.078)	(2.727)	(1.914)	(1.260)	(0.666)	(7.645)
<b>Spending:</b>						
Inflation	19.566	12.987	10.327	10.404	10.483	63.767
Demography	6.788	3.548	3.548	3.548	3.548	20.980
Pressures	17.393	2.960	2.872	2.828	2.903	28.956
Pre-agreed savings	(2.558)	(4.085)	(2.547)	0.000	0.000	(9.190)
<b>Budget gap</b>	<b>40.111</b>	<b>12.683</b>	<b>12.286</b>	<b>15.52</b>	<b>16.268</b>	<b>96.868</b>

### Reasons for the budget gap

23. The material issues as outlined in the update report and broken down in the table below include:
- a) Half the budget gap is attributable to inflation at a level not been experienced in forty years
  - b) Residual impact of Covid-19 on Council costs and subsequent changes to lifestyles effecting income levels.
  - c) Demand led pressures across children's and adults social care, and temporary accommodation persist
  - d) Prudent view of government funding – The Chancellor's budget announcement on 17 November comes just after the finalising of this paper, and it seems unlikely that the local government funding settlement for 2023/24 will see much additional funding going into the sector, beyond perhaps social care.
24. The medium-term position is likely to deteriorate after further analysis, however the immediate focus is on balancing the 2023/24 budget, given its scale.

### Closing the budget gap

25. The scale of the budget gap for 2023/24 is unprecedented. Early savings proposals for 2023/24 were proposed following a review of the future impact of previously agreed savings as well as the bringing forward of new proposals to address the gap. Early savings of £8.334m have been identified, reducing the budget gap to £32m.
26. Work is ongoing to address the remainder of the budget gap, which includes:
- a) Review and challenge of all identified budget pressures, including through budget pressure challenge reviews (done via EMT Budget), to maximise containment within existing budgets
  - b) A second round of savings via deep dive reviews of directorate budgets through November
  - c) Additional controls eg recruitment
  - d) No new financial commitments until budget has been balanced
  - e) Early implementation of 2023/24 savings
  - f) Fundamental service and staffing reviews
  - g) Identification of further mitigations
27. The culmination of this work will feed into the 2023/24 budget update to be considered by Cabinet before the February budget report.

### **Capital Programme**

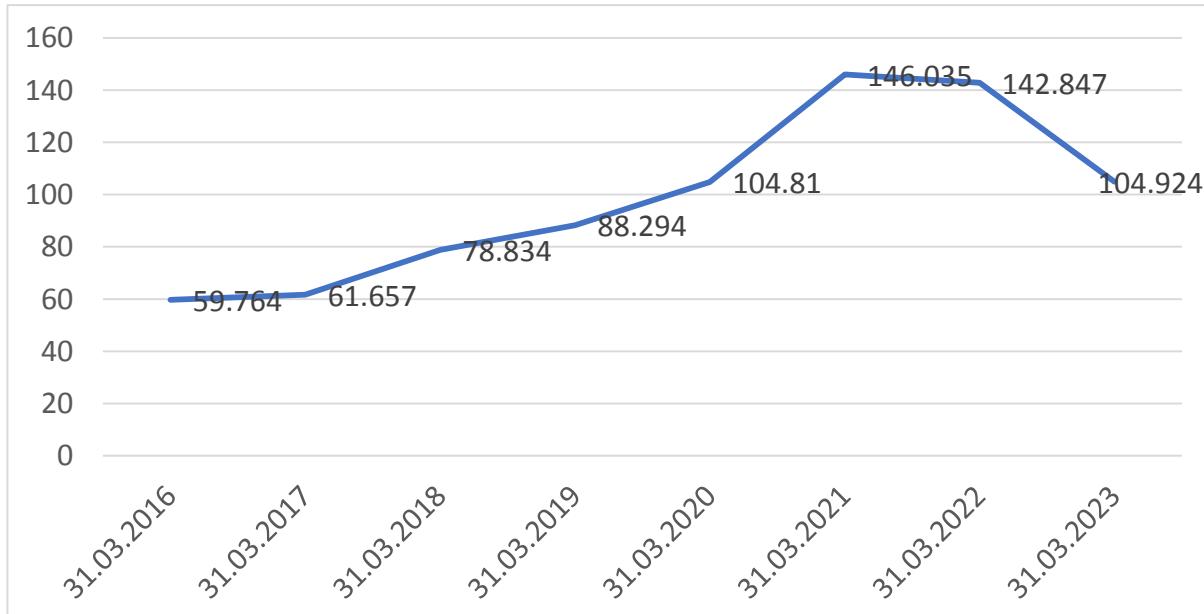
28. In addition to the impact on the Council's revenue position, the delivery of the Capital Programme is also being impacted by global external factors including the aftermath of the Covid19 pandemic, disruption of global supply chains and more recently soaring inflation, increasing interest rates and the economic impact of the war in Ukraine.
29. Work continues to understand the impact on individual project delivery timelines and costs of affected programmes. Where evidence indicates a current year programme will cost more to deliver, options including alternative delivery routes, reduction or pausing of the programme are considered to ensure that programmes remain financially viable and affordable for the Council. All project business cases relying on borrowing are being reviewed to ensure they remain viable and affordable in the new economic environment. Detailed budget envelopes and hurdle rates are two mechanisms ensuring that capital spend remains controlled and affordable.

30. The Quarter 1 Capital Monitoring Report gave examples of projects where inflation had already had an impact on the capital programme (eg reprocurement of capital works due to increasing costs). In considering whether projects go ahead, reduce or pause, the Council seeks to take a long term view and balance considerations on prioritisation, affordability, growth for the future, and any potential risks and costs related to delays.
31. The Council's existing debt is on fixed interest rates and therefore not immediately affected by the rise in interest rates. The Council's Treasury Strategy ensures that only a small proportion of the debt matures in any given year, which reduces the impact of high interest rates in any given year (detail is provided in Treasury papers to Council).
32. The revenue impact of capital (interest costs and provision for repaying debt over time) is one measure of the affordability of the capital programme. In the development of the Capital Strategy and Capital Programme for 2023/24, the envelope of revenue budgets will set the envelope of affordable borrowing to finance the capital programme in addition to the Council's existing £2bn borrowing cap.
33. The fact that the Council has a detailed view of the next ten years' capital programme (as reported to Council) facilitates modelling of the medium and longer term revenue impact of the capital programme. Because of the 'lag' in today's capital spend affecting future year revenue, this long term view is essential in managing the Council's financial resilience over the medium and long term.

## **Reserves**

34. In the years prior to the Covid19 pandemic, the S151 officer set a specific target to increase reserves from the previous base. Whilst there was success in doing this, the flows of funds over Covid19 skewed the position from 2019/20 onwards and continue to have a residual impact, notably around Collection Fund (NNDR and Council Tax) – e.g. funds provided by the Government to help cashflow the sector in 2020/21, which were then repaid the following year, and as a result were recorded in reserves at 31/03/2021.

General Fund Earmarked Reserves 2015/16 – 2022/23



35. The considerable forecast General Fund overspend in 2022/23, referred to above, is having a negative impact on reserves. The table below provides a summary of the forecast reduction in the subset of reserves that we can utilise over the period of the Medium Term Financial Plan (ie excludes some reserves which in reality can't be used), and taking into account the reduction forecast for 2022/23.

Category	March 2022	March 2023 (Forecast)	March 2024 (Forecast)	March 2025 (Forecast)	March 2026 (Forecast)	March 2027 (Forecast)
Risk Reserve	25.9	11.0	10.9	10.9	10.9	10.9
MTFP Smoothing Reserves	40.8	27.8	25.9	25.9	25.9	25.9
Capital Financing	23.4	21.1	16.7	16.7	12.0	9.9
Service Specific	14.8	12.6	11.1	10.0	10.0	10.1
Property	1.4	1.4	1.4	1.4	1.4	1.4
Total	<b>106.3</b>	<b>73.9</b>	<b>66.0</b>	<b>65.0</b>	<b>60.2</b>	<b>58.3</b>

## Outlook

36. It is clear from the scale of the budget gap in 2023/24 plus direction of travel for demand led services (adult social care, children's social care and temporary accommodation, in particular) and likely funding levels that we will have to look fundamentally at how we operate in the coming months. It is possible that the inflationary pressures currently being experienced will dissipate, or at least reduce, in the short term, however the disparity between funding levels and funding need in the local government sector remains, and the short-term damage to balance sheets by wayward inflation has been done.
37. There are now regular media reports on local authority funding crises. London Councils' analysis shows "the energy crisis, soaring inflation, and rising demand for services has put huge additional financial pressures on borough's budgets and opened a wide gap between the funding received and the amount spent on local services. Based on the Government's current funding plans, London boroughs face a gap of up to £400m this year and £700m in 2023-24". "In total, the forecast funding gap for London local government in £2.4bn over the next four years. Although boroughs have worked hard to maintain spending on vital frontline services, this level of financial pressure means extremely difficult decisions will need to be made over future service provision".

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**London Borough of Enfield****General Purposes Committee****1 December 2022**

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**Subject:** **Update on the Audit of the 2019/20, 2020/21 and 2021/22 Statement of Accounts and Pension Fund****Cabinet Member:** **Cllr. Leaver, Cabinet Member for Finance & Property****Executive Director:** **Fay Hammond, Executive Director Resources****Key Decision:** **N/A**

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**Purpose of Report**

1. With the draft 2021/22 Statement of Accounts (including Pension Fund) now published, London Borough of Enfield has open, unaudited accounts for the three financial years 2019/20, 2020/21, and 2021/22. This report provides an update on the audit status for each year of open accounts.

**Proposals**

2. General Purposes Committee is recommended to
  - note the information provided within this report on the progress of audit of LBE's open sets of accounts since October GPC.
  - note the current accumulated backlog of three years of open, unaudited statement of accounts.
  - note that, as at submission point of this report, BDO intend to have finalised the audit of the 2019/20 statement of accounts in time for this meeting, barring the sector-wide infrastructure assets.

**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 challenge, undertaken by an independent and external body against the local government statutory accounting framework, to ensure the annual accounts present a true and fair view of the Council's financial position.

**Background & Progress to Date**

5. LBE's statement of accounts (including Pension Fund) for 2021/22 was published on 31 July 2022. With limited progress over recent months on the audit of the prior two years of accounts (as will be explained in this report),

LBE now has three open sets of accounts, 2019/20, 2020/21, and 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, and being the first item on the critical path through the audits. Whilst BDO had previously begun to audit 2020/21 with 2019/20 still open back in March 2022 (before turning attention to NHS audits), BDO have made it clear in subsequent months that 2019/20 now needs to be closed before work on the 2020/21 audit recommences.
7. Following the October GPC meeting BDO have now reviewed the 2019/20 files and audit work required and have given their approval for the 2020/21 audit work to restart.
8. At the point at which reports were being prepared for the December 2022 GPC, LBE finance staff are dealing with additional information requests that BDO have raised since October 2022 GPC. These include queries relating to IWE pensions and other BDO queries raised during the main 2019/20 but where BDO's audit records are incomplete. These are queries that have not been advised to LBE finance as issues until now (November). In addition, further evidence has been requested to support the information included in the narrative statement of the accounts.
9. The two outstanding items upon which LBE were awaiting BDO's review (valuation of a block of land at Meridian Water, and the other relating to a HRA housing property beacon) have been reviewed. A clarification point has been raised with LBE relating to Meridian Water and the audit work on the Beacons is in progress and expected to be completed and reviewed by this meeting. BDO have had further delays in completing this work due to staff sickness.
10. BDO are working to complete the outstanding issues by the end of November with the exception of infrastructure assets.
11. In relation to infrastructure assets, this sector-wide issue continues with no clear end in sight. CIPFA/ LASAAC continue to work on a solution which negates qualification. To this end, a technical update to the Accounting Code is being considered for approval (that would suspend the need to report gross cost and accumulated depreciation). DLUHC consulted on a statutory prescription in this area and it is estimated that a potential solution could be put forward late December.
12. Any proposal from CIPFA needs to be agreed/verified by the audit firms as a workable option, and qualification remains a risk. 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. As also previously reported, it is important to note 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.

### **2020/21 Statement of Accounts Audit**

14. As was reported to June GPC, BDO 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 was planned to commence on 11 July. On the 5 September call, BDO stated it was their intention to re-commence the 2020/21 audit in November and complete the audit by end of February 2023 and give the audit opinion at March 2023 GPC.
15. This was reliant on the 2019/20 audit being completed by October 2022 and BDO having available the resource (with frailties of the capacity in the local government audit market well documented) to undertake the work. The BDO 2019/20 work has been delayed further and is now expected by the end of November, however a review of the outstanding 2019/20 audit work was completed, and it was concluded that the 2020/21 audit work could restart.
16. The 2020/21 audit recommenced on 7 November with the first week spent on the audit planning. The focus of the audit up to December will be on Property, Plant and Equipment, additional sample testing of transactions and reviewing the working papers and samples submitted to BDO earlier this year. The Pension Fund accounts audit will also commence during this period.
17. The 2020/21 audit is currently forecast to be substantially complete by March 2023. This is however, subject to the 2019/20 issues being resolved and signed off including the infrastructure assets therefore there is a risk that the 2020/21 sign off could be delayed.

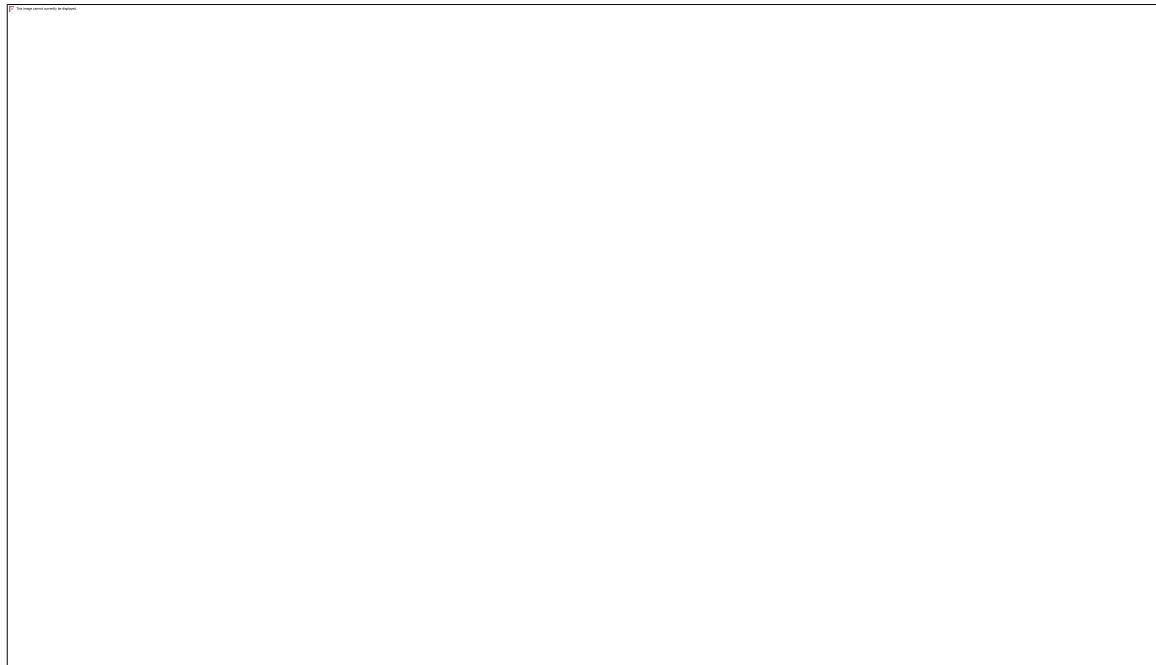
### **2021/22 Closure of Accounts update**

18. The statutory deadlines for draft and audited accounts for 2021/22 are the 31 July 2022 to produce draft accounts and these need to be audited and signed off by 30 November (which is a one-off extension for 2021/22 accounts This deadline reverts to 30 September for 2022/23).
19. The 2021/22 accounts were published on 31 July, in line with the statutory deadline, and the link to the accounts circulated to GPC members. However as already outlined with this report, BDO's sequential working through of LBE's open statements of accounts from earliest to latest means there is now a long wait for the audit of the 2021/22 accounts, with 2019/20 and 2020/21 to be finalised first.
20. 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.

### **National statistics on accounts closure**

21. GPC have been made aware of the capacity issues and challenges within the audit market nationally, and the conversations that BE officers have had with Public Sector Audit Appointments (PSAA) who operate and manage the audit contracts between local authorities and the audit firms. As at

September 2022 (end of quarter two of 2022/23 financial year), the following statistics were available on outstanding audits for the financial years between 2015/16 and 2020/21. Enfield is one of 45 local authorities with open accounts for 2019/20, with 168 authorities having 2020/21 accounts open.



### **Next Steps/Actions**

22. We continue to await the much needed conclusion of the 2019/20 accounts audit. Officers remain in contact with Public Sector Audit Appointments (PSAA, who manage the contract) but as has been communicated to GPC, options of leverage/redress are limited given the nature of the contract. Within the statutory framework as it stands, the audit firms are under no obligation to sign off an audit until satisfied that the appropriate fieldwork and review has been concluded.
23. A formal complaint was raised with BDO in late July. No response has yet been received.
24. LBE finance staff are working with BDO to resolve the additional queries raised in respect of 2019/20 and regular meetings are taking place to review progress. BDO have advised that they expect to complete the outstanding audit work by the end of November.
25. The 2020/21 audit has restarted, with weekly progress meetings in place. The audit is currently planned to be substantially complete by February 2023. However, this is subject to the 2019/20 audit being finalised and signed off including the infrastructure assets issues.

### **Resources**

26. Undertaking work on multiple Statement of Accounts has put additional pressure on the Finance Team. An interim Chief Accountant and Deputy Chief Accountant have been employed over the last two years to provide additional capacity, however both these individuals have now moved on from Enfield to other contracts.

27. With a Chief Accountant appointed in January 2022 and an additional permanent Deputy Chief Accountant appointed in October (plus a worsening corporate financial position given inflationary pressures in particular), the aim now is to continue without the recruitment of further additional interim resource.
28. However three years of open accounts continues to create sizeable pressures on the LBE Finance Team, and also negatively impacts on preparation for the 2022/23 accounts closure process. In this initial PSAA procured contract, BDO are providing the external audit function to LBE for the five years from 2018/19, and have so far finalised the audit for 2018/19 only.

### **Safeguarding Implications**

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

### **Public Health Implications**

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

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

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

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

32. There are no Environmental and Climate Change implications arsing form this report.

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

33. 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**

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

### **Financial Implications**

35. 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**

36. 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.
37. 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.

38. 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.
39. 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**

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

### **Property Implications**

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

### **Other Implications**

42. None.

### **Options Considered**

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

### **Conclusions**

44. The publication of the draft 2021/22 accounts leaves three consecutive years of annual accounts open.
45. Officers continue to maintain pressure on BDO to finalise the 2019/20 audit. BDO initially indicated (in early September) an intention to finalise the 2019/20 accounts (excluding the infrastructure assets issues) in time for October GPC however this was delayed to the end of November. BDO have had further delays due to staff issues but continue to work to the end of November timeline.
46. The sector wide infrastructure assets issue remains open with CIPFA continuing to work on a solution. It is hoped this will be concluded before the end of the 2022 calendar year.
47. The second phase of the 2020/21 Annual Accounts audit has restarted following a review of the 2019/20 audit files. The delay to the restart of the audit will extend the 2020/21 audit to March 2023 which will impact the closing preparations for the 2022/23 accounts.
48. The draft 2021/22 Annual Accounts were published on 31 July 2022, but will not be audited until the 2019/20 and 2020/21 accounts audits have been finalised.
49. 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 and inherent nature of the statutory audit framework.

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Date of report 16 November 2022

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