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GENERAL PURPOSES COMMITTEE

**Wednesday, 27th March, 2024 at 7.00 pm in the Conference Room,
Civic Centre, Silver Street, Enfield, EN1 3XA**

Membership:

co :Thomas Fawns (Chair), Ayten Guzel (Vice-Chair), Nawshad Ali,
Alessandro Georgiou, Nelly Gyosheva, Joanne Laban, Elisa Morreale,
Sabri Ozaydin, Michael Rye OBE and Peter Nwosu

AGENDA – PART 1

1. WELCOME & APOLOGIES

2. DECLARATIONS OF INTEREST

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

3. MINUTES OF THE PREVIOUS MEETING (Pages 1 - 4)

To agree the minutes of the General Purposes Committee meeting held on 31 January 2024.

4. BDO PROGRESS REPORT ON EXTERNAL AUDIT OF ACCOUNTS

A verbal update will be provided. **(Papers to follow)**

5. GRANT THORNTON UPDATE ON PLANNING 2023/24 (Pages 5 - 22)

A verbal update will be provided.

6. INTERNAL AUDIT, COUNTER FRAUD AND INSURANCE PROGRESS UPDATE (Pages 23 - 42)

To note the progress made on the 2023-24 Internal Audit Plan and to note the 2023-24 audit reports with Limited assurance opinions issued since our last report to the Committee.

7. 2024-25 INTERNAL AUDIT CHARTER AND 2024-25 INTERNAL AUDIT PLAN (Pages 43 - 56)

To agree the 2024-25 Internal Audit Charter and the 2024-25 (Q1 and Q2) Internal Audit Plan.

8. ANNUAL GOVERNANCE STATEMENT 2023/24 (Pages 57 - 90)

To consider and approve the Draft Annual Governance Statement as set out in Appendix 1.

9. DATES OF FUTURE MEETINGS

To note that all future meeting dates will be confirmed following the Annual Council meeting on Wednesday 15 May 2024.

GENERAL PURPOSES COMMITTEE - 31.1.2024**MINUTES OF THE MEETING OF THE GENERAL PURPOSES COMMITTEE HELD ON WEDNESDAY, 31ST JANUARY, 2024**

MEMBERS: Councillors Thomas Fawns (Chair), Ayten Guzel (Vice-Chair), Nawshad Ali, Alessandro Georgiou, Nelly Gyosheva, Joanne Laban, Elisa Morreale, Sabri Ozaydin and Michael Rye OBE

Absent:

Peter Nwosu (Independent Advisor)

Officers:

Fay Hammond (Executive Director Resources), Annette Trigg (Strategic Head of Corporate Finance), Terry Osborne (Director of Law and Governance), Olga Bennet (Director of Finance Capital & Commercial), Marion Cameron (Head of Internal Audit, Fraud and Insurance), Olu Ayodele (Head of Finance Capital & Projects), Milan Joshi (Assistant Head Capital and Projects), Penny Halliday (Director of Meridian Water), Ludmilla Iyavoo (Senior Lawyer) and Petra Stephenson (Governance Officer)

Also Attending: Ciaran McLaughlin and Sebastian Evans, BDO

1. WELCOME & APOLOGIES

The Chair welcomed everyone to the meeting.

Apologies for absence were received from Peter Nwosu.

2. DECLARATIONS OF INTEREST

No declarations of interest were received.

3. MINUTES OF THE PREVIOUS MEETING

AGREED the minutes of the General Purposes Committee meeting held on 25 October 2023.

4. BDO PROGRESS REPORT ON THE EXTERNAL AUDIT OF ACCOUNTS/UPDATE ON STATEMENT OF ACCOUNTS

Ciaran McLaughlin from BDO (who has replaced David Eagles) and Sebastian Evans from BDO attended the meeting. A verbal update was provided on the progress finalising the 2019/20 Audit.

Ciaran reiterated his commitment to complete the audit by April 2024 when questioned by the Chair.

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Members expressed their disappointment and frustration with BDO and the delays thus far.

In response to questions on accountability, materials, and infrastructure assets, BDO verified that they were in receipt of everything needed to progress the 2019 audit.

In respect of the outstanding audits for 20/21 onwards, and the consequences should the work not be completed, BDO surmised that the backstop date will be a cut-off point and any audits not completed by that date will have to be signed off with a limited scope. However, it is unknown how the process and procedure will work until the formal consultation, which is due imminently, is communicated.

Members expressed some concern regarding Covid and the effect on signing of the accounts. In response BDO confirmed the expectations and sited that it should not be a major issue in regard to closing the accounts.

Noted.

5. TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2024/25

Olga Bennet (Director of Finance: Capital & Commercial) provided an overview of the proposed Treasury Management Strategy for the period 2024/24 to 2033/34, the councils cash flow, borrowing and investments for recommendation to Cabinet to review the Strategy and to Council to approve the Strategy.

In response to Member questions Officers confirmed that:

- The table on page 22 of the report provides a breakdown of the gross to net interest calculation.
- HRA interest is paid from HRA rental income
- In respect of capital receipt assumptions – both the core general fund and Meridian Water capital receipt assumptions make a substantial difference
- Excluding HRA, debt is forecast to reduce over the ten years

In relation to other boroughs, Officers stated that like for like comparisons of the percentage of the revenue budget used for capital servicing are difficult (as some boroughs have HRAs and some do or do not capitalise some interest). LBE had decided that 10-12% is an appropriate proportion of the revenue budget to spend on capital to balance long term investment with day-to-day expenditure.

In response to further questions on Meridian Water, Penny Halliday (Director of Meridian Water) stated that she was confident in meeting the capital receipt

GENERAL PURPOSES COMMITTEE - 31.1.2024

assumptions. The award of HIF funds showed the government are also confident in Meridian Water's delivery.

Members were concerned that the global position in regard to war, the Ukraine and a change of leadership would impact the economy further. In response Officers gave assurance that there had been sensitivity testing around those issues to ensure that mitigations were available in case of further economic turbulence and that the remaining risk was within the Council's risk appetite.

AGREED to note the report.

6. DATES OF FUTURE MEETINGS

NOTED the future meeting dates

7. EXCLUSION OF THE PRESS AND PUBLIC

A resolution was passed 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).

8. CORPORATE RISK REGISTER

The updated Corporate Risk Register was presented.

Following confidential discussions, it was **AGREED** that the report be noted.

9. MERIDIAN WATER RISK REGISTER

The confidential report provided an update on the Meridian Water Risk Register.

AGREED that the report be noted.

The meeting ended at 8.15 pm.

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Audit Progress Report

London Borough of Enfield

27 March 2024



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

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This paper provides the General Purposes Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- a series of sector updates in respect of these emerging issues which the Committee may wish to consider.

Members of the General Purposes Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

<https://www.grantthornton.co.uk/industries/public-sector/local-government/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead (Key Audit Partner) or Engagement Manager.

Progress at March 2024

Financial Statements Audit

In respect of the Council's Accounts, our overarching ambition is to ensure all of our audit opinions are signed by the end of December 2024. In order to make this a reality, we have already commenced our initial audit planning in respect of both the Council and Pension Fund Accounts. This planning has included:

- Undertaking meetings with key officers
- Reviewing the control environment of both the Council and the Pension Fund, and
- Undertaking walkthroughs in areas which are likely to be deemed significant risks in our Audit Plans when formally issued

At this stage our work on both the Council and the Pension Fund is well progressed and is where we would expect to be at this stage of the financial year. The formal Audit Plans will come to the next meeting of the General Purposes Committee, when you will be able to review and challenge our plans for the year ahead.

At this stage from the work performed there are no areas present that we would want to make either Management or the Committee aware of.

Value for Money

Our overarching ambition as a firm is to complete all 2023-24 Value for Money audit reviews by 31 December 2024. In respect of yourselves, we have held our initial internal planning meetings, and colleagues from the specialist Value for Money team will be arranging meetings with members of staff over the coming weeks.

From current trends around inflation, employee cost pressures and service demand, we anticipate that risks around financial sustainability and reserves will require consideration across most local government value for money reviews for 2023-24. Arrangements for governance and improving economy, efficiency and effectiveness will also be reviewed. The current estimated financial trajectory of the sector is shown within the sector update in this report.

Where there are lesson to be learnt from the findings for our 2022-23 value for money reviews, we will seek to share them on a timely basis, to inform future practice.

Progress at March 2024 (cont.)

Other areas

Certification of claims and returns

As a firm we have a specialist team solely focused on the certification of claims and returns, and we are currently assisting the Council with clearing its backlog in this area. Our work on the 2022-23 Housing Benefit Subsidy Return is currently ongoing, and work on other returns such as the Pooling of Housing Capital Receipts and Teachers Pensions scheduled alongside the national timeframes for these returns. Further details of the planned timeframes for the 2023-24 returns can be seen on Page 7 of this report.

Meetings

Since our appointment as auditors of the Council from the audit year 2023/24 we have held several meetings with senior officers within the Council, including the Chief Executive, the Executive Director for Resources, the Director of Finance and other members of the finance team.

We have also held two introductory sessions with members of the finance team to talk through our planned ways of working for the year ahead, which gave the finance team the opportunity to ask us questions as well. Both of these sessions were well attended and have set both teams up well for the upcoming audit.

Events

We provide a range of workshops and network events, including Chief Accountant's Workshops to ensure senior members of the finance team are up to date with the latest financial reporting changes in the sector. Whilst members of the Council's finance team were unable to attend, we will share the key messages from the session with them, so they are well placed ahead of this year's closedown.

Audit Fees

PSAA have published their scale fees for 2023-24, which can be found via the following link: [2023/24 auditor appointments and audit fee scale – PSAA](#)

For the London Borough of Enfield these fees are **£445,661** for the Council audit and **£85,797** for the Pension Fund. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

Audit Deliverables

Below are some of the audit deliverables planned for 2023/24.

2023/24 Deliverables	Planned Date*	Status
<p>Audit Plan</p> <p>We are required to issue a detailed audit plan to the General Purposes Committee setting out our proposed approach in order to give an opinion on the Council's 2023/24 financial statements.</p>	June 2024	Not yet due
<p>Audit Findings Report</p> <p>The Audit Findings Report will be reported to the General Purposes Committee.</p>	September 2024	Not yet due
<p>Auditors Report</p> <p>This includes the opinion on your financial statements.</p>	By the end of December 2024	Not yet due
<p>Auditor's Annual Report</p> <p>This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.</p>	June 2024	Not yet due

*The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period. However, our expectations is to complete all necessary work by 31/12/2024

Audit Deliverables

Below are some of the audit related deliverables planned for 2023/24.

2023/24 Audit related deliverables	Planned date*	Status
<p data-bbox="120 533 689 563">Teachers Pensions Scheme – certification</p> <p data-bbox="120 580 1525 644">This is the report we submit to Teachers Pensions based upon the mandated agreed upon procedures we are required to perform.</p>	June 2024	Not yet due
<p data-bbox="120 681 658 711">Housing Benefit Subsidy – certification</p> <p data-bbox="120 719 1480 793">This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.</p>	Summer 2024	Not yet due
<p data-bbox="120 813 792 844">Pooling of housing capital receipts - certification</p> <p data-bbox="120 858 1525 925">This is the report we submit to the Department for Levelling Up, Housing and Communities (“DLUHC”). based upon the mandated agreed upon procedures we are required to perform.</p>	November 2024	Not yet due

*The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period.

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up-to-date summary of emerging national issues and developments to support you. We show the current estimated financial trajectory of the sector and we cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white.

Public Sector

A purple rectangular button with the text "Local government" in white.

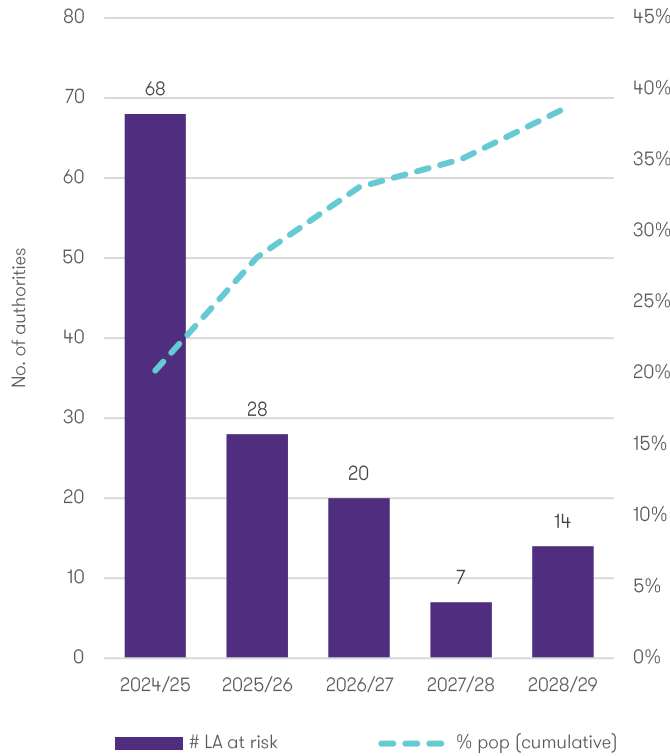
Local
government

The financial trajectory of the sector

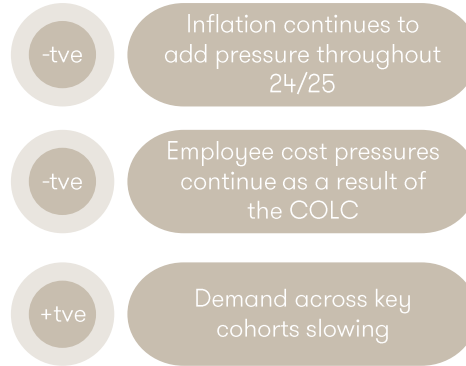
This is taken from the Grant Thornton/CIPFA Financial Foresight model, which provides long-term forecasts (revenue income and expenditure) for all councils in England. These forecasts are based on multiple assumptions relating to financial, demographic and economic factors. Councils at risk are defined by the level of usable reserves being less than 5% of net revenue expenditure.

The year at risk graph on the left represents the most recent update of the assumptions including the impact of the Autumn Statement and draft 2024/25 finance settlement. The graph on the right provides the position before this most recent update. This highlights that the year at risk for many councils has moved forward to 2024/25. The graph at the bottom of the page highlights the forecast depletion of reserves nationally, as councils manage ongoing financial pressures.

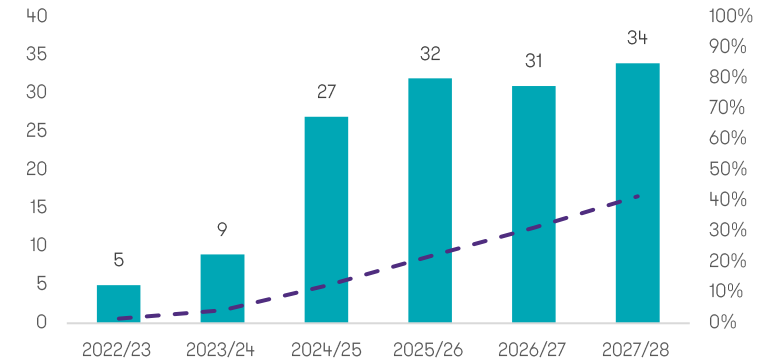
Year at risk (based on Jan 2024 forecast)



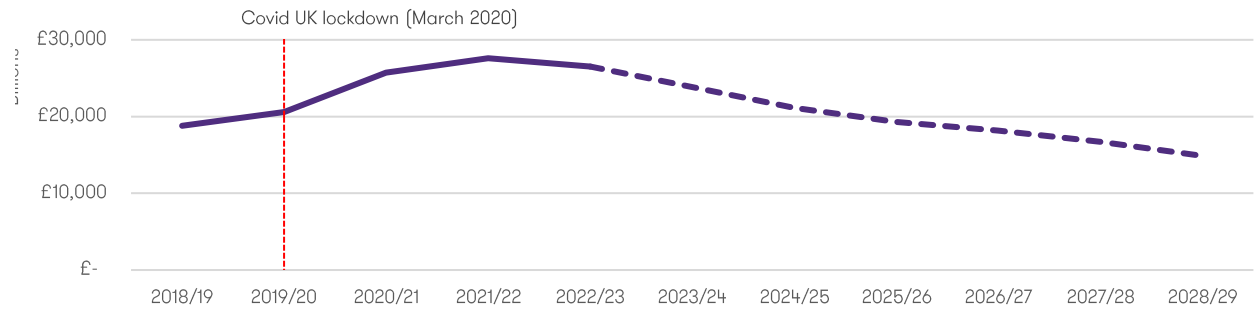
Assumptions



Year at risk (Historic Position)



Level of reserves



Source: Financial Foresight (Grant Thornton and CIPFA)

Addressing the delay in local audit

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November 2022. There has not been a significant improvement since, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated: [About time?: key challenges in local audit accounting](#).

Since 2019 Grant Thornton have increased our public sector audit team from 340 people to circa 470 which reflects both the additional work required by new accounting and auditing standards as well as the NAO Code of Practice requirements on value for money.

On 8th February 2024, DLUHC and the NAO both issued consultations on measures to address the delay in local audit. Consultations are open until 7th March 2024 and relate to:

- DLUHC - changes to the Accounts and Audit Regulations 2015 to introduce a backstop date of 30 September 2024 for the publication of audited accounts up to and including 2022/23, and a series of future backstop dates covering the remainder of the PSAA appointment period; and

- NAO - changes to the Code of Audit Practice to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements.

The FRC, as shadow system leader, is facilitating the consultations. CIPFA/LASAAC are expected to go live on their proposals for time limited changes to the Financial Reporting Code for English bodies shortly.

To have your say, navigate to the consultations here:

The DLUHC landing page is here - [Addressing the local audit backlog in England: Consultation - GOV.UK \(www.gov.uk\)](#)

The NAO landing page is here - [Code of Audit Practice Consultation - National Audit Office \(NAO\)](#)



Grant Thornton report: preventing failure in local government

Grant Thornton's December 2023 report Preventing Failure in Local Government offers prescriptions for remedies to support better health across the local government sector. The report looks at the opportunities that councils and their key internal and external players have to prevent failure, noting that the chain (of good governance) is only as strong as its weakest link.

The Audit Committee is listed as one of the key internal bodies with a role to play in preventing failure, along with the Executive, the Overview and Scrutiny Committee and the golden triangle of Chief Executive Officer; Finance Director; and Monitoring Officer. **Opportunities for the Audit Committee to make a difference surround:**

- focusing on risk management alone (not having multiple roles);
- independence (having an independent chair and at least one independent member);
- specialist training and support for members of the committee;
- direction over internal audit (setting the standard for strategic risk focus and timeliness); and
- curiosity and asking the right questions.

Sharing the Auditor's Annual Report with full council is also listed as important. The challenge for Audit Committees will be not only to maximise their own opportunities to prevent failure, but knowing the right questions to ask about whether the Executive and other committees and the three key statutory officers are making the most of their opportunities as well.

For insight into effective questions to ask, read the full report from Grant Thornton here: [How can further local authority failures be prevented? \[grantthornton.co.uk\]](https://www.grantthornton.co.uk)



Mitigating financial distress in Local Authorities

On 29th January 2024, a report by the Levelling Up, Housing and Communities Committee highlighted that in the last six years, eight local authorities have issued a section 114 notice, whereas none had done so in the eighteen years before that.

Income related issues were highlighted in the report around the below-inflation cap on increasing council tax rates (referendum thresholds) and formulaic weaknesses with the business rates retention scheme. Council tax especially was singled-out as regressive, long overdue for reform, and contributing to a disproportionately negative impact on funding levels in the most deprived areas of the country.

Expenditure related issues were listed in the report as surrounding social care; special educational needs and disabilities; and homelessness. The report highlighted that for children's social care, even the Competition and Markets Authority has recognised that the level of competition in the market is "not working as well as it should be" at maintaining prices at reasonable levels for local authority purchasers.

The report shows that nearly one in five Leaders and Chief Executives of other local authorities who have not already issued a s114 notice do assess themselves as being at "tipping point" due to lack of funding.

Whilst most of the recommendations in the report are aimed at Government, there are some **key takeaways for local authorities while they wait for any change that may come:**

- have we set Council Tax at the highest level possible without a referendum? Future changes could see referendum thresholds increased or removed. Are Councils doing all they can now to maximise this source of income?
- are we collaborating as effectively as we can with other local authorities to influence market prices for the services we buy in?

For insight into effective questions that Audit Committees can ask, read the full report here [*Financial distress in local authorities \(parliament.uk\)](https://www.parliament.uk/resources/reports/financial-distress-in-local-authorities)



Learning from the Office for Local Government

On 15th February 2024, the Secretary of State for Levelling up, Housing and Communities set out, in an open letter to the Chief Executive of Oflog, the strategic remit for Oflog for the financial years 2024 to 2027, and the Office's priorities for the financial year 2024/25. The priorities are to:

- inform;
- warn;
- support; and
- engage.

Using the new Local Authority data explorer tool (launched in July 2023), the Office can currently use metrics on waste management, planning, adult social care, roads, adult skills and corporate/ finance to compare any one authority with the English median, CIPFA nearest neighbours and trends over time. The Office is expected to develop a new early warning system to identify local authorities that are at risk of serious failure (but have not raised the alarm themselves) and to conduct 'early warning conversations' with local authorities at risk. It will be also be offering a programme of webinars to share best practice between local authorities, and to help improve performance, productivity and value for money.

Local Authorities and their members can familiarise themselves now with the data explorer metrics already publicly available. **Challenge questions for Audit Committees to ask include:**

- are the metrics consistent with our own benchmarking?
- are we showing early warning signs?
- what arrangements will we be making to make best use of the learning that will be on offer?



For a full copy of the remit letter and for access to data explorer metrics for your Local Authority see here:

[Remit letter from DLUHC Secretary of State to the Oflog Chief Executive - GOV.UK](#)

[\[www.gov.uk\]](http://www.gov.uk)

[About - Local Authority Data Explorer](#)

New workbook to support councillors in their work on community leadership

On 8th February 2024, the Local Government Association published a new workbook for Councillors, covering community leadership.

Effective community leadership matters because communities that are engaged tend to have happier, healthier people and lower levels of crime and anti-social behaviour. Declining voting and increased social detachments from local areas are also a concern. Councillors are in the unique position of being able to interface between citizens and the council and demonstrate directly what they have achieved for the people they represent.

The workbook shows that for effective community leadership, councillors need to:

- listen to and involve their local communities;
- build vision and direction;
- work effectively with partners;
- make things happen;
- stand up for communities;
- empower communities;
- be accountable; and
- use resources effectively.

With challenge questions; case studies; guidance, hints and tips; and a dedicated section for the opposition, the workbook makes for interesting reading for any councillor – new or already established.

[A councillor's workbook on community leadership | Local Government Association](#)



Making the most of levelling-up funds to local government

In November 2023, the National Audit Office published its report on whether the Department for Levelling Up, Housing and Communities' levelling up funds are likely to deliver value for money. The three significant funds are the Towns Fund (Town Deals and Future High Streets Fund programmes); the Levelling Up Fund (local priorities with a visible impact); and the UK Shared Prosperity Fund (to increase life chances and build pride in place). Between them, these funds are worth up to £10.6 billion and aim to allocate £9.5 billion to local places to be spent by 31 March 2026. However, less than half of the monies given to local places across the three schemes by 31 March 2023 had been spent. Because under current arrangements the funds are time limited, there is a risk that some projects may never be started and others, in the haste to complete, may include sub-optimal decisions.

Many of the delay factors are beyond Local Authorities' control: Rising costs, skills shortages and supply issues in the construction industry. However, the report does highlight that there are things Local Authorities can do to help with unblocking.

Key questions that Audit Committees can ask are:

- do we know which of our projects are on track and which are at risk?
- have all projects got their main contractor in place?
- has full advantage been taken of the ability to move money between sub-projects within individual bids?
- is advantage being taken of the ability to make changes to the scope and scale of projects without seeking approval if the changes do not exceed a 30% threshold?
- are projects being prioritized? So that those that can complete to time, do complete to time?

For the full report and an insight into wider recommendations for the Department, see [*Levelling up funding to local government \(nao.org.uk\)](https://nao.org.uk)

£10.6bn	total amount announced through the Towns Fund, Levelling up Fund and UK Shared Prosperity Fund, to support the government's levelling-up agenda across the United Kingdom between 2020-21 and 2025-26
£9.5bn	the amount the Department for Levelling Up, Housing & Communities (DLUHC) has allocated to local places to be spent by 31 March 2026
£2.0bn	the amount DLUHC has given to local places so far across the three funds at 31 March 2023
£0.9bn	the amount spent by local places at 31 March 2023

Helping to avoid the “doom loop” for adult social care

In October 2023, the annual Institute for Government / Chartered Institute of Public Finance and Accountancy (CIPFA) public services stocktake revealed that adult social care services are likely to be performing worse in 2027/28 than they were on the eve of the Covid-19 pandemic, and much worse than they were in 2009/10. The report describes the impact across nine different public services of successive governments’ short-term policy making; under-investment in capital; and workforce crisis. For adult social care, it highlights that under current funding arrangements, a return to pre-pandemic levels of performance seems unlikely. The report describes a “doom loop” for adult social care, resting on:

- staffing problems and capacity being worse than they were before the pandemic: Vacancy rates in 2022/23 sat at 9.9%. They were 6.7% in 2019/20;
- growing demand: Since 2015/16, the number of requests for adult social care support from new clients has increased by 22.1% for 18–64-year-olds;
- erosion of cash settlements: Settlements announced in 2021 and 2022 have been eroded over time, due to higher than anticipated pay awards and national inflation; and
- sector-specific inflation: Unit costs of adult social care packages are now much higher than they were before the pandemic. According to a survey of directors of adult social services, this has been driven by increasing complexity of care needs, staffing costs and wider inflationary pressures.

There has been no immediate sign of relief from central government. The Autumn Statement in November 2023 made no new funding available for public services, and spending increases beyond April 2025 of less than 1% in real terms are expected.

Audit Committees can help by asking the right questions. What steps do their entities take to make sure staff costs are managed effectively – with as high a ratio as possible being on substantive staff, for stronger consistency and continuity? What assumptions about future funding are their entities making in their budgets? What are the procurement and brokerage arrangements for purchasing care packages in what is, at present, a supplier’s market?

Service	Performance on the eve of pandemic v 2009/10	Performance now v on the eve of pandemic	Funding adequate to	
			Return to pre-pandemic performance levels by the end of 2024/25	Maintain performance levels between the end of 2024/25 and 2027/28
Adult social care	↓ Much worse	↘ Worse	No	Maybe

For the full report and a sense of how other public services are faring as well, see [Performance Tracker 2023 | Institute for Government](#)



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London Borough of Enfield

Report Title	Internal Audit, Counter Fraud, and Insurance Progress Update
Report to	General Purposes Committee
Date of Meeting	27 March 2024
Cabinet Member	Cllr Tim Leaver, Cabinet Member for Finance and Procurement
Directors	Terry Osborne, Director of Law & Governance
Report Author	Marion Cameron, Head of Internal Audit Marion.Cameron@Enfield.gov.uk
Wards affected:	All
Classification:	Part I Public

Purpose of Report

1. The Internal Audit, Counter Fraud and Insurance Progress Update Report at 31 January 2024 (**Appendix A**) summarises:
 - progress against the 2023-24 Internal Audit Plan
 - 2023-24 audit reports with **Limited** assurance opinions issued since our last report to the committee
 - the continued work of the Head of Internal Audit to target limited audit resources at the highest priority Corporate and Schools' services.

Recommendations

- | |
|---|
| <ol style="list-style-type: none"> I. To note the progress made on the 2023-24 Internal Audit Plan. II. To note the 2023-24 audit reports with Limited assurance opinions issued since our last report to the Committee |
|---|

Report Author: Marion Cameron
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Appendices

Appendix A: Internal Audit, Counter Fraud, and Insurance Progress Update,
31 January 2024

Background Papers

None



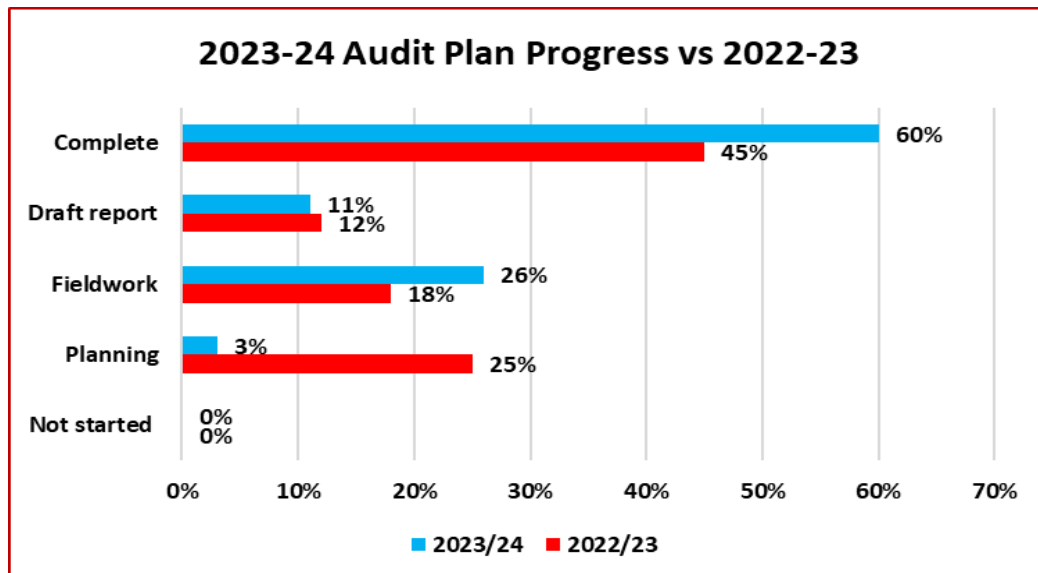
Internal Audit, Counter Fraud, and Insurance Progress Update 31 January 2024

Internal Audit

2023-24 Internal Audit Plan

During the period 1 April 2023 to 31 January 2024, the Internal Audit team started 38 assignments (100% of the plan) of which 22 (58%) have been completed. For the same period in 2023, 64 audits (100%) had been started and 29 (45%) had been completed.

The following chart summarises the 2023-24 progress compared to 2022-23:



Changes to the 2023-24 Internal Audit Plan

Since our last report to this Committee and 31 January 2024, 1 audit has been cancelled and no audits were added to the plan.

The cancelled audit is:

Department	Audit	Reason for Cancellation
People	Forty Hill CE Primary School	Cancelled to align the audit plan to available resources.

The full 2023-24 internal audit plan is attached at **Annex A**.

Completed Audits

Between our last report to the Committee and 31 January 2024, 15 audits were completed:

Corporate Risk Reference	Department	Audit	Assurance Level
CR19	Resources	Purchase to Pay and Goods Receipt/Invoice Receipt Process	Substantial
CR01	Chief Executive's	Insurance	Reasonable
CR10	Environment & Communities	Selective Licensing of Privately Rented Residential Properties	Reasonable
CR12	People	PFI Contract Monitoring - Schools	Reasonable
Other	People	Garfield Primary School	Reasonable
CR03	Cross Cutting	Direct Payments	Limited
CR19	Resources	Education Funding	Limited
CR10	Housing Regeneration & Development	Housing Conditions	Limited
CR02	Resources	Adult Social Care Debt Collection	Limited
CR02	People	Bus Service Operators Grant	N/A - Grant Certification

Corporate Risk Reference	Department	Audit	Assurance Level
CR02	People	Supporting Families Q2	N/A – Grant Certification
CR02	People	Supporting Families Q3	N/A – Grant Certification
CR02	People	Turnaround Programme	N/A – Grant Certification
CR01	Cross Cutting	Dugdale Arts Centre-Capital Spend	N/A- Management Letter
Other	Cross Cutting	Mayor of the London Borough of Enfield Appeal	N/A- Management Letter

Limited Assurance Reports

The following summaries from the audit reports briefly explain the reasoning behind the **Limited** assurance opinions:

Direct Payments

During the audit we identified some areas for improvement classified as **2 high risk**, **6 medium risk** and **1 low risk** findings.

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

1. The Council uses a third-party provider to manage a portion of its direct payments accounts. However, there is no formal contract in place between the Council and the third-party provider. This means terms and conditions of the arrangement as well as key performance indicators have not been documented.
2. In accordance with the Care and Support (Direct Payments) Regulations 2014 section 7a, “a local authority must conduct a review for the purpose of ascertaining whether the making of direct payments is an appropriate way to meet the adult’s needs at least once within the first 6 months of the direct payment being made and at intervals not exceeding 12 months thereafter.” A review of a random sample of 30 cases found that:
 - while care reviews may have taken place, we noted that 15 (50%) cases were late or outstanding and that the Adult Social Care team need to better ascertain whether a direct payment is and remains an appropriate means to meet an adult’s needs;
 - 6 (20%) cases were new direct payments accounts. Although our in-house procedures recommend an early review of direct payments after

6 weeks, in 4 (67%) cases the review was not undertaken within this timescale. 2 of these 4 cases were completed outside the six week target period and for the remaining 2 cases, the review was not completed at all.

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

1. The existing Exchequer Service Direct Payments Financial Monitoring procedures were not comprehensive as roles and responsibilities were not clearly defined and the procedures document was not approved, or version controlled and it did not include the next review date. Additionally, the Direct Payment Information Booklet and Factsheet was out of date as it covered the period November 2021 to November 2022.
2. In 5 (17%) of the 30 direct payments accounts sampled, a formal signed contract was not in place at the time of the audit. A formal contract ensures that recipients have been made aware of direct payments terms and conditions.
3. During our review of the sample of 30 cases, we observed that the information recorded on support plans was not consistent and did not capture all the relevant details required to manage and monitor direct payments activities. As best practice, the minimum information to be included would be changes in care needs that may impact on the payment, review of payment activity and findings from financial monitoring carried out by the Direct Payments Finance team.
4. From our review it appears an effective and efficient cross service collaborative approach to direct payments is not in place. In 26 cases (86%), there was no evidence of engagement between the social care teams and the Direct Payments Finance team. The Direct Payments Financial Monitoring procedures state that a scheduled review by the social care team must always include the findings from financial monitoring. Financial monitoring findings should be requested from the Direct Payments Finance team by email at least 10 working days in advance.
5. Effective monitoring of direct payments made through bank accounts cannot take place when service users or their representatives do not provide the required information. From our overall sample of 30 cases, 5 (16%) cases were paid into a bank account. In 3 of these cases (60%), the Direct Payments Finance team were unable to carry out financial monitoring as the representative for the service user had not provided up to date quarterly bank statements and completed monitoring forms. We were advised that numerous requests for the information had been made.
6. Cash withdrawals are monitored by the Direct Payments Finance team via the High Interest report. We were advised that the ability to withdraw cash is not usually allowed and pre-authorisation from the social care team is required before cash withdrawals are allowed. The Direct Payments

Finance team is responsible for adding and then removing the cash withdrawal functionality for the card. During sample testing we identified one case where the cardholder regularly withdrew cash. It was confirmed by the relevant social care team that pre-authorisation had not been provided prior to the cash withdrawal. Additional testing identified another case where cash was regularly withdrawn. We were advised that the Direct Payments Finance team became aware of the issue in 2020 and raised this concern with the social care team; however, the issue remains unresolved. This has highlighted that the Direct Payments Financial Monitoring procedures need to include the process for allowing cash withdrawals and that communications between the Direct Payments Finance team and social care teams need to be improved.

Education Funding

During the audit we identified some areas for improvement classified as **2 high risk**, and **1 medium risk** findings.

The absence of formally documented working practices, coupled with the high level of staff turnover in the Education Finance Team, have significantly contributed to the findings in this report.

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

1. Although there are national guidelines, no Council specific written procedures are in place. Consequently, roles and responsibilities are not clearly defined resulting in inconsistent methodologies with respect to High Needs payments. Additionally, it is not clear whether the Education Finance Team or the Education Resources Team is responsible for sending letters to schools in deficit. This has resulted in deficit letters not being issued on a timely basis.
2. There was no effective monitoring to ensure timely submission of financial returns by schools nor evidence that the returns are scrutinised and challenged (where appropriate) by Education Finance.

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

1. In accordance with the Accounts and Audit (England) Regulations 2015, Note 12 to the Council's Statement of Accounts and the S251 Outturn Statement must agree. Our testing identified a difference of £7038. In addition, the S251 Outturn statement was submitted on 16 September rather than the due date of 25 August. Since 2019-20 none of the S251 Budget and Outturn Statements have been published on the Council's website although this is required by the Education and Skills Funding Agency (ESFA).

Housing Conditions

During this audit we identified some areas for improvement classified as **1 high risk**, **4 medium risk** findings.

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

1. A review of a random sample of 15 damp and mould cases highlighted that:
 - in 15 (100%) cases independent checks were not carried out to confirm that damp and mould works were completed to the expected standard;
 - in 9 (60%) cases the 8 week follow up check was not carried out on time to confirm that the damp and mould issue was resolved;
 - in 10 (66%) cases damp and mould issues were unresolved following the (sometimes late) 8-week check;
 - in 6 (40%) cases preliminary checks were not completed within 21 days of receiving the initial complaint;
 - in 2 (13%) cases as the complaints had not been resolved satisfactorily, they were escalated to the legal disrepairs process;
 - in 6 (40%) cases several work orders were raised against the same initial complaint made by resident. As the number of work orders is used as the basis for reporting the number of complaints, this resulted in inflated reports.

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

1. There was insufficient oversight of the Damp and Mould Taskforce's Action Plan. The Action Plan includes 52 actions for implementation. The Action Plan was reviewed, and we identified the following:
 - in all 52 (100%) cases there was no evidence of regular monitoring and updating of the plan;
 - in 48 (92%) cases no target date for implementation was assigned;
 - in 35 (67%) cases the action points were not prioritised;
 - in 12 (23%) cases no action owner was assigned.
2. A Damp and Mould multi-disciplinary taskforce was set up in November 2022. However, we noted that there is no approved Terms of Reference in place to clearly define the objectives, responsibilities, membership, and reporting structure of the taskforce.
3. An Asset Management Strategy which outlines how the Council will maintain, manage, and invest in Council homes is in place. However, there are no written internal working procedures to support the strategy - we would expect to see defined roles and responsibilities, working practices around raising of orders, classification of the different stages of work orders and inspections etc. In addition, target timescales for the completion of work orders following initial complaints are not documented.
4. Although a suite of reports is produced, there is no monitoring against agreed key performance indicators.

Adult Social Care Debt Collection

During this audit we identified some areas for improvement classified as **2 high risk, 6 medium risks** and **2 low risk** findings.

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

1. From our review it appears an effective and efficient cross service collaborative approach to Adult Social Care (ASC) debt collection is not in place. It is important that all services understand the importance of their role in this process, especially in the current financially challenging times, and that they have appropriate professional training in debt management.
2. The Council uses the ASH debtors system to facilitate and record credit control procedures in relation to the Council's debtors. The ASC Debt team do not have appropriate access to ASH reporting making the process ineffective and inefficient.

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

1. At £1.656m, provision in the corporate accounts for ASC debts may not be sufficient.
2. In 60% of the sample tested, we found exceptions to the agreed debt monitoring process.
3. Insufficient management information and reporting was prepared. A review of the manually prepared scorecard included inaccurate percentages.
4. The charging policy/procedures do not provide options for collateral security arrangements to be put in place where there are rises in individual debts.
5. 60% of the waivers we tested recorded the reason for the waiver as either:
 - non/late supply of charging policy to the client; or
 - no charging information provided to the client.

We regard these as wholly avoidable.

There was also insufficient communication where changes are made to packages on CareFirst, resulting in incorrect charges being made and requiring retrospective waivers. We also identified that waivers were actioned despite appropriate approvals not being in place.

6. We were advised that although any suspicious financial activity is highlighted to social workers, this is not referred to the Counter Fraud team.

2023-24 Internal Audit Quality Assessment

Performance of the Internal Audit service against agreed key performance indicator (KPI)/quality metrics between 1 April 2023 and 31 January 2024 is:

KPI / Quality Metric	Target	Actual
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KPI / Quality Metric	Target	Actual
Days from end of fieldwork to issue of draft report	15	25
Days from receipt of management comments to issue of final report	10	16
Level of satisfaction score with audit work	80%	90%*
% of the audit plan delivered to draft report stage (by 31 March)	95%	71%

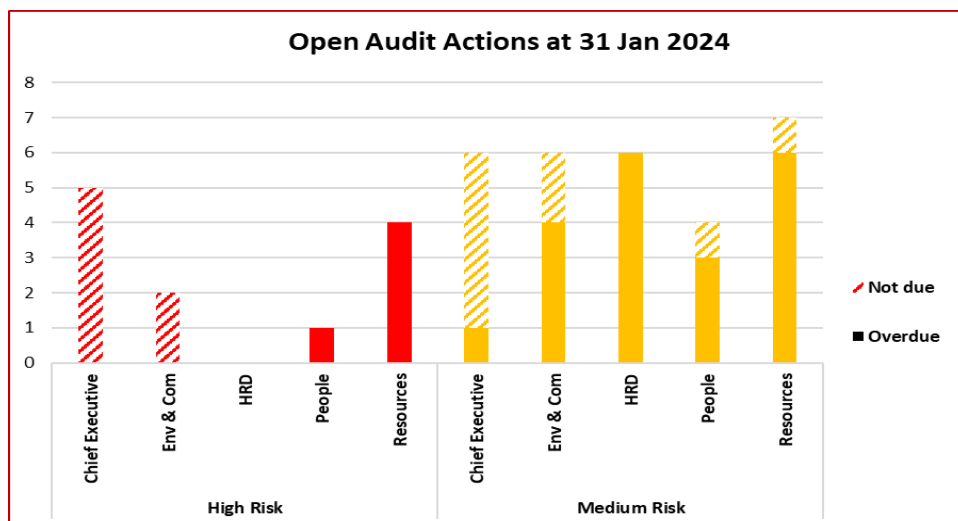
* The level of satisfaction with audit work is determined by way of client satisfaction surveys issued after finalising every audit. 10 survey responses have been received so far for 2023-24 audits.

Corporate Audit Actions Implementation

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

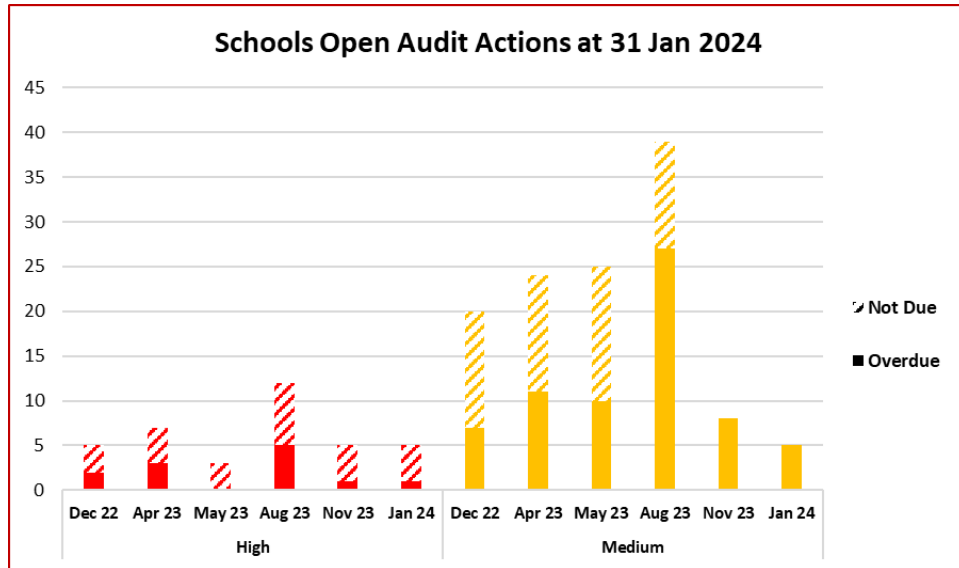
As at 31 January 2024, the implementation rate (12-month rolling basis) for actions from high-risk findings is 87% (2023: 84%) and for medium risk findings is 76% (2023: 80%).

41 actions from high and medium risk findings identified from corporate audits remained open. Of these, 25 actions (5 high risk and 20 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 **Annex B**.

Schools' Actions Implementation



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

Counter Fraud

Counter Fraud Savings

The work routinely undertaken by the Counter Fraud Team (CFT) generates savings directly for the Council (for example, where a Right to Buy application is stopped) as well as for Central Government where we administer schemes on their behalf, such as those covering business grants and housing benefit payments.

These savings are classified as either:

- **Detected:** where fraud has taken place and an overpayment has been identified.
- **Prevented:** where fraud would have occurred had the CFT not intervened.
- **Notional:** estimated savings generated by housing recoveries.

As at 31 January 2024, the CFT identified detected and prevented savings of **£2.8m** as outlined in the table below. This includes notional housing savings of **£546k** through the recovery of properties used improperly as Council accommodation.

Detected and Prevented Fraud Savings to 31 January 2024 *

Fraud Type	Detected (£)	Prevented (£)
Bank mandate fraud (attempt)		1,772,834
Council properties recovered (13 properties)**		546,000
Housing – Buy Back scheme		212,950
Right to Buy (1 case @ £127,900)		127,900
Purchase Cards (estimate)	90,500	
Housing Benefit	41,326	
AP1 Process (estimate)	3,500	
Council Tax Reduction Scheme & Discounts	2,098	
Insurance	261	
Removal from Housing Register (4)***		12,960
	£137,685	£2,672,644
Total	£2,810,329	

* Includes overpayments identified or recovered, as well as potential future income and the estimated value of losses prevented by the detection and interception of fraud and improvement of controls.

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

*** Based on Cabinet Office estimate of £3,240 per applicant removed (NFI Report 2022).

Insurance

Significant Claims

Current open high value claims (£250k and over) and high-risk claims are summarised below:

Policy type	Description	Number of claims	Total Reserve (£'000s)
Property	Escape of water	1	1,199*
Public Liability	Abuse	8	725
Public Liability	Failure to remove	5	220
TOTAL			2,144

*This claim has a £250 policy excess; the balance of the claim will be paid by our insurers

ANNEX A: 2023-24 Audit Plan Status

Title	Audit Team	Audit Status	Assurance Level	Critical Risks	High Risks	Medium Risks	Low Risks
Insurance	PwC	Complete	Reasonable	-	-	3	5
Dugdale Arts Centre - Capital Spend	In House	Complete	N/A – Management Letter	-	-	-	-
Non-residential Licensing	In House	Cancelled	-	-	-	-	-
Planning Enforcement	PwC	Cancelled	-	-	-	-	-
Bus Service Operator's Grant	In House	Complete	N/A – Grant Certification	-	-	-	-
Supporting Families - Q1	In House	Cancelled	-	-	-	-	-
Supporting Families - Q2	In House	Complete	N/A – Grant Certification	-	-	-	-
Supporting Families - Q3	In House	Complete	N/A – Grant Certification	-	-	-	-
Supporting Families - Q4	In House	Fieldwork in Progress	-	-	-	-	-
Orchardside School Grant Certification - Alternative Provision Specialist Taskforces Programme	In House	Complete	N/A – Grant Certification	-	-	-	-
Highlands School - Schools Direct Grant certification	In House	Complete	N/A – Grant Certification	-	-	-	-
Family Hubs and Start for Life programme - Grant Certification	In House	Complete	N/A – Grant Certification	-	-	-	-

Title	Audit Team	Audit Status	Assurance Level	Critical Risks	High Risks	Medium Risks	Low Risks
Turnaround Programme 2022-2025	In House	Complete	N/A – Grant Certification	-	-	-	-
Treasury Management	PwC	Fieldwork in Progress	-	-	-	-	-
Education Funding	In House	Complete	Limited	-	2	1	-
Adult Social Care Debt Collection	In House	Complete	Limited	-	2	6	2
Direct Payments	In House	Complete	Limited	-	2	6	1
Data Protection	PwC	Cancelled	-	-	-	-	-
Freedom of Information Requests (Fol) and Subject Access Requests (SAR)	PwC	Cancelled	-	-	-	-	-
Unregulated Services for Adult Assisted Living	In House	Cancelled	-	-	-	-	-
Post 16 Education	In House	Cancelled	-	-	-	-	-
Home Care Support	In House	Fieldwork in progress	-	-	-	-	-
Cyber Security Strategy	PwC	Draft report issued	-	-	-	-	-
Digital Maturity Assessment	PwC	Draft report issued	-	-	-	-	-
Housing Repairs & Maintenance - Disrepairs	In House	Fieldwork in progress	-	-	-	-	-
Facilities Management and Compliance	In House	Fieldwork in progress	-	-	-	-	-
Property Services and Commercial Leases	PwC	Draft report issued	-	-	-	-	-
Selective Licensing of Privately Rented Residential Properties	In House	Complete	Reasonable	-	1	3	2
Housing Conditions	In House	Complete	Limited	-	1	4	-

Title	Audit Team	Audit Status	Assurance Level	Critical Risks	High Risks	Medium Risks	Low Risks
Council Housing Fire Safety	PwC	Deferred	-	-	-	-	-
Housing Allocations	In House	Fieldwork in progress	-	-	-	-	-
Supply Chain Risks	PwC	Complete	Reasonable	-	-	2	1
PFI Streetlighting Contract	PwC	Draft report issued	-	-	-	-	-
Highways Inspections	In House	Complete	Reasonable	-	-	1	5
PFI Contract Monitoring - Schools	PwC	Complete	Reasonable	-	-	2	1
Procurement Bill Readiness	In House	Cancelled	-	-	-	-	-
Energetik - Billing Reconciliation Process	PwC	Cancelled	-	-	-	-	-
HGL - Temporary Accommodation Stock Transfer	PwC	Deferred	-	-	-	-	-
Additional Payments	In House	Fieldwork in progress	-	-	-	-	-
Application of the Smart Working Policy, PDRs and Internal Communications	In House	Draft report issued	-	-	-	-	-
Youth Participation Policy	In House	Cancelled	-	-	-	-	-
Climate Change	In House	Cancelled	-	-	-	-	-
Gender and Ethnicity Pay Gap Reporting	PwC	Cancelled	-	-	-	-	-
Adult Social Care Budget Monitoring	In House	Fieldwork in progress	-	-	-	-	-
Goods Receipt/Invoice Receipt (GRIR) Process	PwC	Complete	Substantial	-	-	-	1
Mayor of the London Borough of Enfield Appeal Fund Accounts 2022-23	In House	Complete	N/A – <Management Letter	-	-	-	-

Title	Audit Team	Audit Status	Assurance Level	Critical Risks	High Risks	Medium Risks	Low Risks
Freezywater St Georges CE Primary School	In House	Complete	Limited	-	1	6	8
Forty Hill CE Primary School	In House	Cancelled	-	-	-	-	-
Garfield Primary School	In House	Complete	Reasonable	-	-	6	10
Our Lady of Lourdes Catholic Primary School	In House	Fieldwork in progress	-	-	-	-	-
St John's CE Primary School	In House	Planning	-	-	-	-	-
Orchardside School	In House	Complete	Reasonable	-	1	3	9
Durants School	In House	Draft report issued	-	-	-	-	-

ANNEX B: Overdue High Risk Actions

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Financial Management of Bridgewood House	Reconciliation Processes	We will seek support from our Finance Business Partner to ensure that appropriate financial controls are in place. This will include, but is not limited to: a) Monthly reconciliations undertaken between the bank statement and the resident's income and expenditure records. b) A summary of the individual resident account balances that make up the bank balance total. c) Monthly reconciliations of individual income and expenditure records for each resident against the supporting documentation held. d) All reconciliations independently reviewed and approved by a second member of staff to confirm their accuracy.	30-Jun-2022	<p>January 2024, Internal Audit Residents' bank account reconciliations have been received and an initial review has been carried out by Internal Audit.</p> <p>We are unable to validate this action as completed and will discuss with the Service.</p> <p>November 2023, Internal Audit Discussed at GPC in October. We will meet with the Head of Service in December in order to confirm whether the action is implemented.</p>	30 April 2024
Oversight of Energetik Loan Repayments and Connection Timelines	Governance and Reporting	We will share the latest Operational Plan with the Cabinet.	30-Apr-2023	<p>February 2024, Internal Audit Update requested</p> <p>November 2023, Fay Hammond Quarterly performance monitoring reports are now provided at Cabinet meetings.</p> <p>June 2023, Assurance Board Revised target date of 31 December 2023 agreed.</p>	30 June 2024

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
				<p>We have been advised that the papers prepared for the April Cabinet meeting were withdrawn at the request of the Portfolio Holder and with the agreement of the Leader. Our understanding is that was to allow further strategic work on the 40 year business plan to take place. The business plan update is not due to be sent to Cabinet until the end of the year.</p>	
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	<p>September 2023, Internal Audit To be reviewed in April 2024.</p> <p>This action is on hold, due to external factors with DWP. We will need to tolerate this risk until these issues are resolved with the DWP.</p>	30 April 2024
Financial External Audit Process	Resource Continuity	When the External Auditors share their audit plan, we will review and circulate the internal Resource Plan in conjunction with the External Auditor's timetable to ensure full coverage.	30-Sep-2023	<p>October 2023, Internal Audit Revised target date 30 June 2024 agreed.</p> <p>Meeting held with Annette Trigg on 31 October 2023. Due to the uncertain audit timetable, the target date was extended to 30 June 2024.</p>	30 June 2024
Financial External Audit Process	Resource Continuity	We will perform a regular review of the resource map to ensure that gaps are identified in a timely manner. Additionally, we will ensure that resource gaps, slippage and delays are escalated and explained to management on a regular basis.	30-Sep-2023	<p>October 2023, Internal Audit Revised target date 30 June 2024 agreed.</p> <p>Meeting held with Annette Trigg on 31 October 2023. Due to the uncertain</p>	30 June 2024

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
				audit timetable, the target date was extended to 30 June 2024.	

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London Borough of Enfield

Report Title	2024-25 Internal Audit Charter and 2024-25 (Q1 and Q2) Internal Audit Plan
Report to	General Purposes Committee
Date of Meeting	27 March 2024
Cabinet Member	Cllr Tim Leaver, Cabinet Member for Finance and Procurement
Directors	Terry Osborne, Director of Law and Governance
Report Author	Marion Cameron, Head of Internal Audit Marion.Cameron@Enfield.gov.uk
Wards affected	All
Classification	Part I Public

Purpose of Report

1. In line with the requirements of the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit, Fraud and Insurance has a responsibility to:
 - regularly review the Internal Audit Charter and to present this to the General Purposes Committee for review and approval
 - establish risk-based plans to determine the priorities of the Internal Audit activity and to present these to the General Purposes Committee for review and approval.

Recommendations

- | |
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| <ol style="list-style-type: none"> I. Agree the 2024-25 Internal Audit Charter II. Agree the 2024-25 (Q1 and Q2) Internal Audit Plan |
|--|

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Appendices

Appendix A: 2024-25 Draft Internal Audit Charter

Appendix B: 2024-25 (Q1 and Q2) Draft Internal Audit Plan

Background Papers

None

London Borough of Enfield Draft Internal Audit Charter March 2024

Purpose and mission

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

Standards for the Professional Practice of Internal Auditing

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

Authority

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

- Endorse the Internal Audit team's charter.
- Endorse the risk-based internal audit plan.
- Receive communications from the Head of Internal Audit on the internal audit team's performance relative to its plan and other matters.
- Make appropriate enquiries of management and the Head of Internal Audit to determine whether there is inappropriate scope or resource limitations.

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

The General Purposes Committee authorises the Internal Audit team to:

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

Independence and objectivity

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

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

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

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

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

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.

- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

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

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

Scope of internal audit activities

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

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

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

- The Internal Audit team's purpose, authority, and responsibility.
- The Internal Audit team's plan and performance relative to its plan.
- The Internal Audit team's conformance with the Public Sector Internal Audit Standards and The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by the General Purposes Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the London Borough of Enfield.

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

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

Responsibility

The Head of Internal Audit has the responsibility to:

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

- If the Internal Audit team is prohibited by law or regulation from conformance with certain parts of the Standards, the Head of Internal Audit will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.

Quality assurance and improvement programme

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

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

Signatures

Head of Internal Audit | Date

General Purposes Committee Chair | Date

Director of Law and Governance | Date

2024-25 (Q1 and Q2) Draft Internal Audit Plan

Introduction

The Public Sector Internal Audit Standards (PSIAS) require the chief audit executive (who in the London Borough of Enfield is the Head of Internal Audit) to determine the priorities of the internal audit activity from a risk-based plan which is consistent with the Council's goals.

Internal audit work is planned to support the goals of the Council from an objective assessment of the system of internal controls. The aim is to provide assurance to the General Purposes Committee, Director of Law and Governance, the Assurance Board, and other senior managers that an appropriate system of internal control is in place to mitigate key risks that may impact on the achievement of the Council's services and priorities.

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

Our Approach to Developing the 2024-25 (Q1 and Q2) Internal Audit Plan

In line with the PSIAS, the 2024-25 Internal Audit Plan has been formulated using a risk-based approach. The Corporate Risk Register and other risk registers have been reviewed and Executive Directors, Directors and Departmental Management Teams have been consulted to ascertain key concerns.

As well as reviewing internal risk registers, the audit plan was developed taking into consideration discussion at groups such as London Audit Group, the Chartered Institute of Internal Auditors Local Authority Forum and various horizon scanning documents including:

- Risk in Focus 2024 - this annual report is based on surveys and roundtable discussions with chief audit executives across 16 European Institutes of Internal Auditors and identifies what this group sees as the key risks facing organisations
- Public Interest Reports and similar documents issued during the past 2 years highlighting areas for improvement in the sector
- Mazar's Horizon Scanning Challenges and Opportunities 2023

We also updated our Value Chain Analysis which maps out the Council's services. This allowed us to identify areas of the Council we have not audited recently. Part of this exercise involved reviewing the number of internal audits undertaken against each of the corporate risks during the previous 3 years.

We assessed audit requirements taking into consideration:

- The impact or likelihood of the risk identified

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

Summary of the 2024-25 (Q1 and Q2) Draft Internal Audit Plan

In previous years an annual plan was presented to the Committee. However, this year, adopting an agile approach, we are presenting a plan that sets out our schedule of work for the first 6 months of the financial year only. The plan for the remainder of the year will be presented at a later meeting.

Moving away from an annual plan is viewed as a more progressive approach to internal auditing. It allows the Internal Audit team to adapt to changes in the Council's structure and risk more easily and to maintain a focus on objectives, strategies, threats, and opportunities throughout the year.

The key point, though, is that we have maintained a risk-based approach to internal audit planning. We also applied a priority rating to each topic so that the most important areas will be covered.

Due to organisational changes, the Internal Audit team will be unable to undertake the same number of assignments as in previous years. However, by using the methodology outlined above, the key risk areas will be covered. For Q1 and Q2 2024-25, we are proposing to undertake 13 audits with a focus on Corporate Risk 2 - Financial. The proposed audits are outlined in the table below.

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

The principles underpinning the Council's internal audit approach are summarised in the Internal Audit Charter.

Draft 2024-25 (Q1 and Q2) Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
CR02 Financial						
People	Bus Service Operators Grant	To confirm that grant monies are spent in accordance with the grant terms and conditions	2	Q2	1	3
Schools	St. Anne's Catholic High School for Girls	To confirm that actions raised in 2021-22 internal audit have been fully implemented	3	Q1	1	10
Schools	Orchardside School Alternate Provision Taskforces Programme Grant 2023-24	To confirm to the Department of Education that grant funding received has been utilised only for the purposes stated in the terms of the grant	3	Q2	1	3
Cross Cutting	Budget Monitoring	Review budget monitoring processes across the Council to ensure these are in line with best practice	All	Q2	1	20
Cross Cutting	Temporary Accommodation Financial Management	A review of the temporary accommodation process and linkages to financial management and forecasting	4	Q2	1	20

Draft 2024-25 (Q1 and Q2) Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
CR03 Operations						
People	Community Equipment Stock Control	To ensure that appropriate stock control processes are in place	2	Q1	1	20
Chief Executive's	Leavers Process	To ensure the revised leavers' process is operating effectively	All	Q2	1	20
CR04 Governance						
Cross Cutting	Schools Additional Payments	To review the governance processes in place around additional payments to schools and to ensure these are operating effectively	3	Q1	1	20
Housing and Regeneration	Voids	To confirm that the governance arrangements and controls in place ensure void properties are identified, renovated, re-advertised, and offered for new tenancies on a timely basis	4	Q2	1	20
CR06 Property						
Housing and Regeneration	Council Housing Fire Safety	To provide assurance that effective governance and management are in place to ensure the Council is compliant with the regulations of the Fire Safety Act 2021	4	Q1	1	20

Draft 2024-25 (Q1 and Q2) Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
CR08 Commercial						
Environment and Communities	Parking Contract Management	To review the current contract management processes and ensure these are in line with best practice	2	Q2	1	20
CR013 Reputational						
People	Supporting Families Q1	To provide assurance for Department for Levelling Up, Housing and Communities purposes that claims are legitimate	2	Q1	1	3
People	Supporting Families Q2	To provide assurance for Department for Levelling Up, Housing and Communities purposes that claims are legitimate	2	Q2	1	3

Key to Corporate Priorities Abbreviations

No.	Corporate Priorities
1	Clean and green places
2	Strong, healthy, and safe communities
3	Thriving children and young people
4	More and better homes
5	An economy that works for everyone

Key to Audit Priority

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

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London Borough of Enfield

Report to:	General Purposes Committee
Report title:	Annual Governance Statement 2023/2024
Date of Meeting:	27 March 2024
Director:	Terry Osborne
Report Author:	Terry Osborne
Ward(s) affected:	N/A
Key Decision Number	Not a Key Decision
Implementation date, if not called in:	N/A
Classification:	Part I Public
Reason for exemption	N/A

Purpose of Report

1. The preparation and publication of an Annual Governance Statement ('AGS') is a statutory requirement. The AGS is a public statement that describes and evaluates the Council's overall governance arrangements during a particular financial year.
2. This report seeks approval from the General Purposes Committee of the Council's Annual Governance Statement covering the financial year of 2023/2024 (set out in Appendix 1).

Recommendations

- I. That the General Purposes Committee considers and approves the Draft Annual Governance Statement as set out in Appendix 1.

Background

3. The Council is required by statute to review its governance arrangement at least once a year. It is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.
4. The AGS is a public statement that describes and evaluates the Council's overall governance arrangements during a particular financial year. It includes a self-assessment of the effectiveness of the governance arrangements, across all areas of activity, together with a statement of the actions being taken or required to address any areas of concern.
5. The Statement is required to include notification of any significant internal control issues identified and include an action plan to address them. Significant governance issues are covered in section 7 including the Action Plan being worked on during the current financial year 2023/2024.
6. This report focuses on the recommendations for the AGS. The statement reinforces the importance of the Annual Governance Statement and its use to identify failings of governance and provide an opportunity internally to improve and thereby reduce risk. It should normally be approved at the same time or no later than the statement of accounts i.e., 31 May 2023 and should be regarded as a vital tool by those charged with governance and the leadership team.
7. The Council has undertaken an assessment of governance issues and actions to address them. The AGS includes an update on issues identified in last year's statement and actions taken as well as details of any additional governance issues identified in 2023-24.
8. The committee are asked to note and comment, if appropriate, on the governance issues outlined in the statement.

Relevance to Council Plans and Strategies

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.

Financial Implications

10. There are no financial implications arising from this report.

Legal Implications

11. Regulation 6 of the Accounts and Audit Regulations 2015 ('The Regulations') requires the Council to conduct a review of the effectiveness of its internal control and to prepare an Annual Governance Statement each financial year.

12. The CIPFA delivering good governance in Local Government Framework 2016 edition states that the Annual Governance Statement should be included with the Council's Statement of Accounts.

13. The Statement of Accounts should be signed and dated by the Council's section 151 Officer (the Executive Director of Resources) by no later than 31st May. Once approved, the AGS will be included with the Statement of Accounts.

Equalities Implications

14. There are no equalities implications arising from this report.

Report Author: Terry Osborne
Director of Law and Governance
Terry.Osborne@enfield.gov.uk

Appendices

Appendix 1- Annual Governance Statement for 2023/2024

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Enfield Council Annual Governance Statement 2023/24

1. Introduction

- 1.1. Enfield Council ('The Council') is required by statute to review its governance arrangement at least once a year. It is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.
- 1.2. This Annual Government Statement ('Statement') explains how the Council has complied with its codes and policies and continues to improve its systems and procedures to deliver for its residents.

2. Scope of responsibility

- 2.1. The Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 2.2. The Council has a best value duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which functions are exercised.
- 2.3. The Council has adopted a number of codes and policies in place which are consistent with the principles of CIPFA/ SOLACE Framework for Delivering Good Governance in Local Government 2016. The documents are the Counter Fraud Strategy, which includes the Counter Fraud and Corruption Policy statement, the Whistleblowing Policy and the Anti-Money Laundering Policy, Contract Procedure Rules, and the Pay Policy Statement, which are kept under regular review and updated, as necessary. Monthly meetings with the Chief Executive are also held to discuss all high level legal, risk, governance, and assurance issues.
- 2.4. This Statement also explains how the Council meets the requirements set out in Regulation 6(1) (b) of the Accounts and Audit (England and Wales) Regulations 1015, which requires a local authority to prepare an Annual Governance Statement.

2.5. The Council also fulfils a governance role in relation to businesses that it wholly or jointly owns, namely:

- Energetik (trading name of Lee Valley Heat Network Operating Company Ltd), created in 2015, a local energy company owned by Enfield Council, set up to supply heat and hot water to over 15,000 homes and businesses across North London.
- Housing Gateway Ltd, created in 2014, its founding purpose was to assist the Council in reducing its temporary accommodation budget pressure. It offers assured shorthold tenancies against which the Council can discharge its homelessness duties.
- Montagu LLP (full company name Montagu 406 Regeneration LLP), created in 2018, the Council owns 50% in the Limited Liability Partnership and set up to regenerate the Montagu industrial estate.

3. The purpose of the Governance Framework

3.1. The Governance framework comprises the culture, values, systems, and processes by which the Council is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

3.2. Compliance with this governance framework enables the Council to assess the success of its strategic objectives, and to consider whether they have led to the delivery of appropriate/cost effective services.

3.3 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, rather than absolute assurance of their effectiveness.

3.4 This Statement describes the key changes and developments within the Council's governance framework during 2023/2024 and up to the date of the approval of the annual statement of accounts.

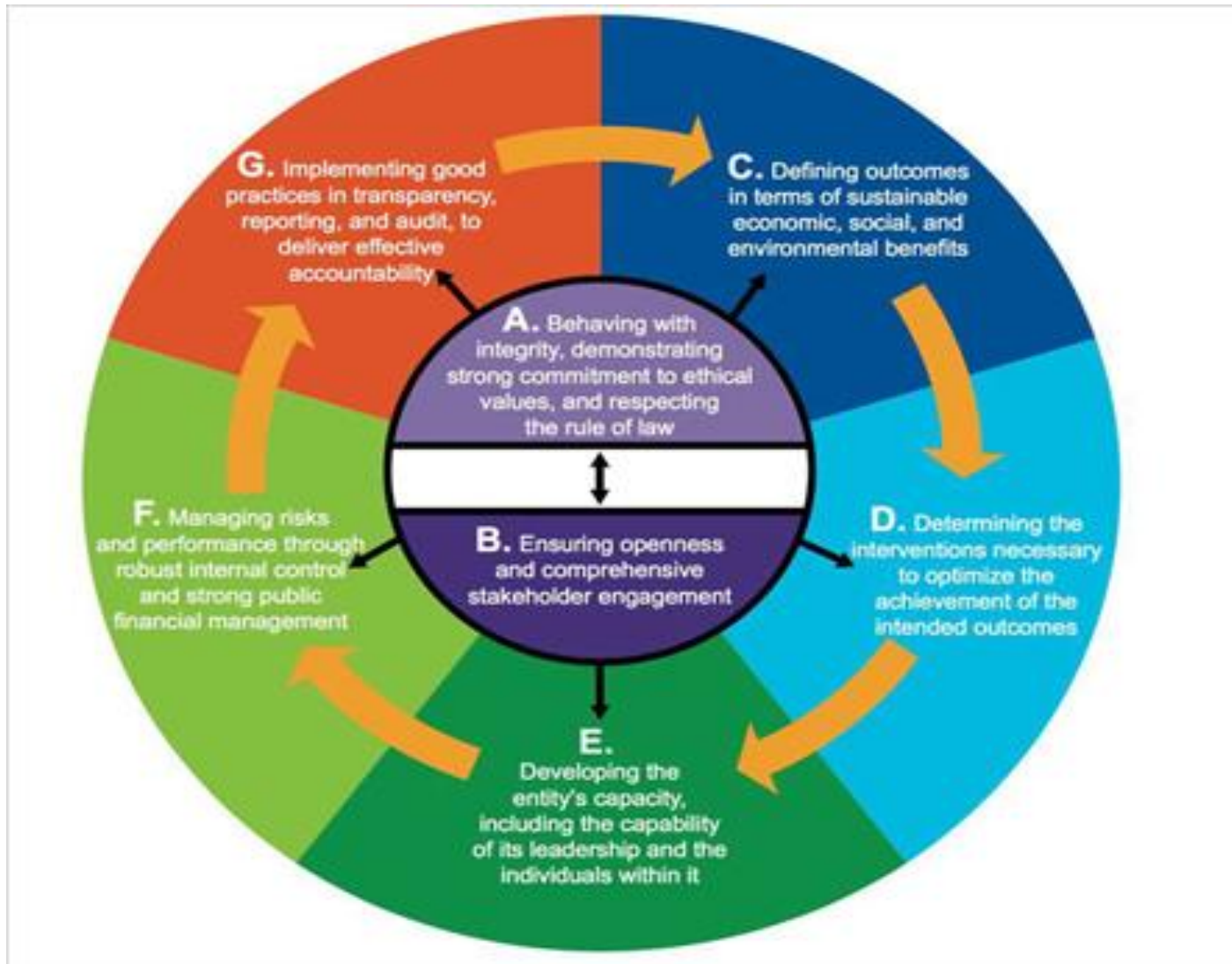
3.5 The Statement shows progress that has been made in dealing with the governance issues included in last year's statement and the governance issues that have been identified from this year's governance review are addressed in this Statement.

4. The Governance Framework

4.1 The 'Delivery of Good Governance in Local Government Framework', published by the Chartered Institute of Public Finance and Accountancy (CIPFA), in association with the Society of Local Authority Chief Executive and Senior Managers (SOLACE), sets out the standard for local authority governance in the United Kingdom. Our current Monitoring Officer was a member of the Panel which reviewed and developed this document. SOLACE, CIPFA and the LLG Group have recently published a new Code of Practice on Good Governance for Statutory Officers. This will be reviewed and considered in the coming year.

4.2 The Framework sets out seven core principles, as illustrated in figure 1 below, that underpin good governance in the public sector.

Figure 1- Core principles of delivering good governance



5. Key elements of the council's governance arrangements

The seven core principles of good governance in the public sector are set out below along with details of how we meet these principles and examples.

Principal A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the law

5.1.1. The Constitution sets out how the Council operates, how decisions are made and the policies which are followed. It is made of six parts and sets out the basic rules for governing the Council's business, as well as detailed procedures and codes of practice.

5.1.2. The Constitution sets out the responsibilities of both members and officers. The Council has identified the following posts:

- The Chief Executive (s.4 Local Government and Housing Act (LGHA) 1989), who is the designated Head of Paid Service
- The Executive Director and Resources undertakes the Section 151 officer role (Local Government Act 1972)
- The Director of Law & Governance is the designated Monitoring Officer (s.5 LGHA 1989).
- The Head of Internal Audit which ensures compliance with the audit functions set out in the Accounts and Audit Regulations 2015.

5.1.3. A Scheme of Delegation sets out the powers delegated to officers as part of the Constitution. It ensures clear demarcation of responsibility and authority, to ensure there is adequate oversight of operational compliance with its requirements. The Council Scheme of Delegation is agreed at the annual meeting in May each year.

5.1.4. The Council has a Member Code of Conduct. It has a Register of Member Interests and a Register of Gifts and Hospitality which is maintained by the Monitoring Officer, and which are reviewed regularly.

5.1.5. All Councillors receive training on the requirements of the Code of Conduct and related issues. The Monitoring Officer gives regular advice notes to members on decision making and standard of conduct in the form of 'Monitoring Officer Advice Notes'.

5.1.6. The Council has a Councillor Conduct Committee which is ultimately responsible for the promotion and monitoring of high standards of conduct amongst Councillors and co-opted members. The Council has appointed 2 Independent Persons who, together with the committee, assist Councillors and co-opted members to observe their Code of Conduct and all other Codes within the Constitution. The committee will also consider requests for dispensations by councillors, and co-opted members relating to interests set out in the Code of Conduct.

5.1.7. The Constitution includes various other Codes and Protocols. For example:

- Code of Conduct for Members
- Internet and Email Usage Policy
- Planning Committee Code of Practice
- Licensing and Gambling Code of Practice
- Employee Code of Conduct
- Email, Internet and social networking usage policy and procedures
- Protocol for Member/Officer Relations
- Protocol for Member Appointments Panels
- Guide to officers – Secondary employment and business interests

There is no review programme in place for these documents and that will be put in place for the coming year.

5.1.8. All staff, in particular managers, are responsible for ensuring that laws and regulations are complied with and that the authorities' policies are implemented in practice. Executive and other Directors and Heads of Service are responsible for monitoring implementation of the Council's policies.

5.1.9. The Council has a number of key governance related policies. Officers are made aware of their responsibilities by way of staff newsletters, emails, managers' briefing and during the induction process.

5.1.10. The Council recognises the importance of Health and Safety ('H&S') across its organisation. The H&S Committee (to consult with Trade Unions) has been reviewed and the membership altered slightly. A new chair has been appointed and further changes are being considered to improve the way the Council manages the H&S and well-being of its staff and others, including the creation of a new H&S Management Board.

Principle B – Ensuring openness and comprehensive stakeholder engagement

5.2.1. Consultation and engagement with residents, stakeholders and the wider community is part of the Council’s decision-making process, to ensure that their views are heard. The Council encourages those communications via a wide range of methods such as the Council’s Consultation portal, direct communications with residents by letters, the use of social media and public forum. Further details on current proposals and previous consultations and engagement activities can be accessed in the ‘*Have your say*’ section on the Council’s website.

<https://www.enfield.gov.uk/consultations>

5.2.2. While making important decisions which affect residents and other stakeholders, the Council has a duty of ensuring equality, diversity, and human rights principles. These duties are embedded in the budget setting and business planning process and each template require members to take into consideration the quality and diversity impacts of proposed decisions, where appropriate.

5.2.3 The Corporate H&S Committee is the main forum for consulting with TU representatives on H&S issues. There are also some departmental and site-based H&S fora for staff.

5.2.4 our employees are our biggest asset, and their views are important to us. We have a number of staff fora including:

- The Women Into Leadership group
- Mental health and Wellbeing group
- Ethnic Minority Staff Group
- Disability Working Group
- LGBTQ+ Staff Network
- Young professionals Network

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

Council Plan 2023-2026

5.3.1. The Council approved the Enfield Council Plan 2020-22, which sets out the vision for delivering a lifetime of opportunities for everyone in Enfield. The Council has reflected on progress made on delivering the Plan; on the challenges and opportunities for the borough and created a new Council Plan for 2023-2026 which was approved by Full-Council in June 2023. The Plan contains five priorities, to create and support clean and green places; strong, healthy, and safe communities; thriving children and young people; more and better homes; and an economy that works for everyone. The Council aims to deliver on these priorities to help improve the lives of Enfield residents, investing in the borough to support people through the current challenging economic situation in the immediate term, while also delivering on longer term improvements. Internally, we have worked together to create a series of awareness raising programmes that use our Staff Matters and Culture Matters internal media channels in combination with wider general awareness raising and discussions at departmental management team meetings. We have also commissioned a series of short films that tie into the Council Plan priorities, and these have been released both internally and externally in stages over the 2023/24 financial year. These films also support our ongoing drive to attract, recruit and retain the best talent linked to our new Workforce Strategy.

New Local Plan to 2041

5.3.2. The Council is also preparing a New Local Plan, outlining the Borough's vision and spatial strategy through to 2041. This Local Plan serves the purpose of allocating sites to meet housing, employment, and other development needs. It also sets out a wide range of policies addressing critical issues like climate change, good design, infrastructure delivery and the protection and enhancement of our built and natural environments. The emerging Enfield Local Plan is reaching a key stage in its development journey. On 19th March 2024, Full Council will meet to go over an extensive draft of the Local Plan. Subject to Full Council's approval, the draft would then be published for a formal statutory 6-week period of public consultation, as required by law. Following the conclusion of this consultation, all responses received, (along with the draft Local Plan and its supporting evidence base) will be submitted to the Secretary of State for an independent examination.

Medium-Term Financial Strategy

5.3.3. The Council's Medium-Term Financial Strategy and updated medium- term financial plan is key to the delivery of the Council Plan and outcomes with significant work undertaken to increase the focus on longer term planning, sustainability, and financial resilience.

Climate Action Plan

5.3.4. Enfield implemented a Climate Action Plan following a declaration of climate emergency in the Summer of 2019. The Plan commits Enfield to becoming a carbon neutral organisation by 2030 and a carbon neutral borough by 2040. The Climate Action Plan 2020 sets out our current carbon emissions (baseline) and the action the Council needs to take to achieve our net zero targets. One of the Council commitments was to review the Climate Action Plan every two years. A review was carried out and a consultation took place between 5 November 2022 to 30 January 2023 to understand the resident's views or concerns. The Council also used the online platform 'Let's Talk Enfield' to engage with its residents. The Council has drafted a new version of the Climate Action Plan, and this will be taken to Cabinet for approval in June 2024.

Fairer Enfield: Equality, Diversity, and Inclusion Policy 2021-2025

5.3.5. This policy sets out how Enfield Council will tackle inequality and foster an inclusive workplace and inclusive communities, as the borough continues to grow, develop, and create new opportunities for everyone in Enfield. The policy explains the expectations on our workforce, as we work together to design and deliver services to create a vibrant and inclusive borough. It sets out the Council's role in advancing equality and tackling inequality and discrimination. It impacts on everyone who lives, works, studies in or visits Enfield.

5.3.6. The Public Sector Equality Duty requires us to publish one or more specific and measurable equality objectives every four years that demonstrate areas where we are tackling inequality. In Fairer Enfield 2021-25, we have identified eight objectives to reduce inequality, which affect specific groups in Enfield. The Council publishes an annual equality and diversity report which summarises the work we have carried out during the year to deliver on the principles and objectives we committed to in Fairer Enfield.

Enfield Joint Health and Wellbeing Strategy

5.3.7. Local authorities and Integrated Care Boards (ICBs) have equal and joint duties under the Health and Social Care Act 2012 to prepare a Health and Wellbeing Strategy, through their Health and Wellbeing Board. The purpose is to set out how the local system will work together to improve the health and wellbeing of the local community and reduce health inequalities for all. The Health and Wellbeing Board is developing an updated Joint Health and Wellbeing Strategy for the period 2024-30. The draft strategy sets out our long-term ambition for every resident to *start well, live well and age well*.

Principle D- Determining the interventions necessary to optimise the achievement of the intended outcomes

5.4.1. 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 where required to ensure outcomes continue to be delivered. The network has been mapped and reviewed to ensure efficiency in operations and that work is not duplicated. The Assurance Board, which is chaired by the Chief Executive, plays a key role in determining whether interventions are necessary in any area of governance and assurance, as does the General Purposes Committee.

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

5.5.1. The Council has a Workforce Strategy: 2023-28. The Council’s vision for the workforce is to have the right people, with the right skills, connected to our communities and working together for Enfield. The Council seeks to deliver this vision by focusing on four key priorities: resourcing and talent, developing its people, culture and transformational change and making its mark on equality, diversity, and inclusion.

5.5.2. The Council’s Fairer Enfield Equality, Diversity, and Inclusion Policy 2021-2025, outlines the Council’s ambition to be an organisation where local people choose to work and develop good careers; where staff from different backgrounds work together harmoniously and productively and where everyone feels valued.

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

5.5.4. Finally, 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.

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

5.6.1. 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 Corporate Risk Register has been reviewed and now adopts the 13 categories of risk recommended in the Government’s ‘Orange Book’. The risk register was agreed by the General Purposes Committee in 31st January 2024. The

Council's Risk Strategy is also currently under review and will soon be reported to the Council's Assurance Board and to the General Purposes Committee for endorsement.

5.6.2. 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.

5.6.3. In 2021-22, the Council commissioned CIPFA to undertake an independent review of the General Purposes Committee against the 2018 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.

5.6.4. The action plan for this year includes reference to the need to review the new global internal audit standards as applied to the public sector. In addition, the Public Sector Internal Audit Standards require the Council to arrange for an external review of the internal audit function every 5 years and that will take place some time in 2024-25.

5.6.5. Financially, the Council operates planning through its Medium-Term Financial Plan and Capital Programme, with associate Treasury Management Strategy. 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. Robust financial management arrangements are more important than ever as local authorities across the UK continue to face significant challenges including increasing demand and cost pressures, uncertain funding and operating in an increasingly complex and unpredictable environment. Unprecedented inflation rises, the associated cost of living increases and the economic environment are magnifying these financial challenges.

5.6.6. Recruitment and retention of key staff to ensure the finance team is suitably resourced and fit for purpose in the current environment and in view of the resources available remains a significant challenge and key area of focus moving forward. In September 2023, a new post of Director of Property was recruited to, and the function was transferred to Resources Directorate. This has enabled increased focus on optimising the Councils property assets including capital disposals programme to support financial resilience

5.6.7. Financial resilience describes the ability of local authorities to remain viable, stable, and effective in the medium to long term in the face of pressures from growing demand, tightening funding and an increasingly complex and unpredictable financial environment.

5.6.8. 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:

- Ongoing focus on longer term financial planning, with a five-year Medium Term Financial Plan and ten-year Capital Strategy and Treasury Strategy in place.
- A change in our Capital Strategy which has been implemented for 2024-25 medium term financial plan
- Increased focus on capital financing and regular assessment of interest rate risk.
- Review of financial viability and affordability of capital projects with a heightened focus on the impact on revenue budgets.
- Detailed review of the financial model for the Council flagship regeneration scheme, Meridian Water, reported to Cabinet, setting out the optimised financial plan in February 2023 and further revised in March 2024
- Initiation of a strategic review of Council companies.
- 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 Boards scrutinising revenue budgets
 - Capital Finance Board
 - Weekly Executive Management Team Budget meetings

5.6.9. The Finance and Performance Scrutiny Panel considers the Council's financial and performance monitoring reports and also considered key financial pressure of Temporary Accommodation.

5.6.12. Financial resilience risks and existing risk mitigations are included in the Corporate Risk Register.

Principle G - Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

5.7.1. The Constitution is one of the key documents which set out the Council's decision-making arrangement. The Council operates a Leader and Cabinet mode. Some decisions are reserved for Full Council, but most are made by the Cabinet, Committees, Sub-Committees, and officers.

5.7.2 All forthcoming Key Decisions are published in the Council's Forward plan published every month on the Council's website and includes details of all key decisions proposed to be made by the Council during the relevant period. If any key decision is not in the Forward Plan, a decision may not be taken within that period unless the report author is able to demonstrate to members and the Monitoring Officers that the conditions under the urgency procedures are met.

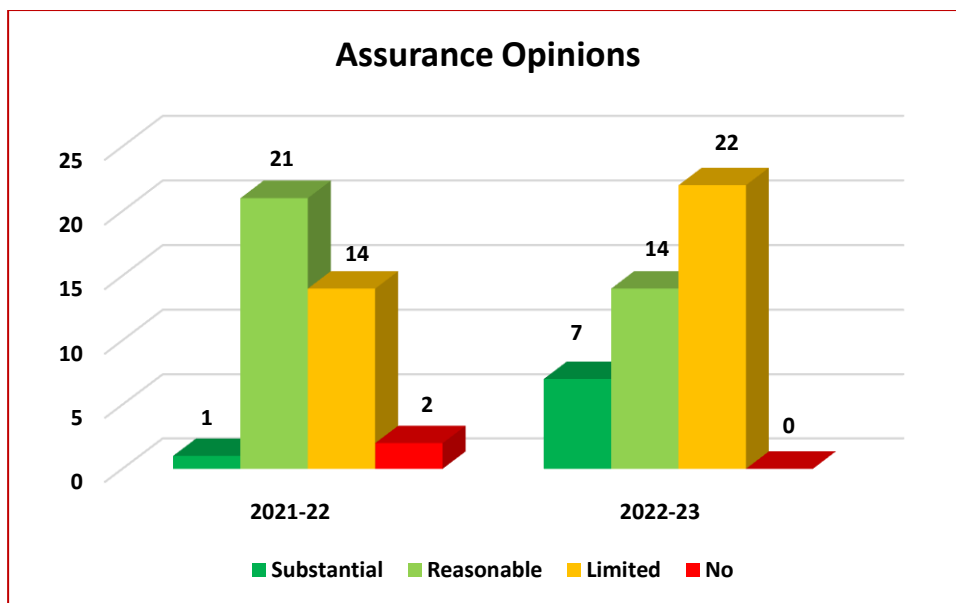
5.7.3. Reports and minutes of meetings are also published on the Council's website.

5.7.4. The Council operates a risk based Internal Audit Plan, which is approved by the General Purposes Committee. The Internal Audit Plan focuses on key areas of risk identified across the organisation from various sources, including 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 also delivers an Annual Internal Audit opinion. This was last reported in July 2023 as '**Reasonable Opinion**'. It was described as:

“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.”*

5.7.5. The number of assurance opinions from audits is shown in the Table below:



5.7.6. 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.

5.7.7 The key elements of the governance structures and processes in place are summarised in the table below:

Element	Structure and processes
1. Cabinet and Leader	<ul style="list-style-type: none"> 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.

Element	Structure and processes
2. Scrutiny	<ul style="list-style-type: none"> • The Overview and Scrutiny Committee 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	<ul style="list-style-type: none"> • 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's website.
4. Risk Management	<ul style="list-style-type: none"> • 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. The Government's Orange Book approach to risk management has been adopted recently.
5. Executive Management Team	<ul style="list-style-type: none"> • The Head of Paid Service is the Chief Executive and is responsible for all Council staff and for 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 and is responsible for ensuring legality and promoting high standards of conduct in public life.
6. Full Council	<ul style="list-style-type: none"> • Full Council is responsible for approving the budget, agreeing policies, making constitutional decisions, and deciding local legislation. Full 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 specific portfolio of responsibility. • The Council's Constitution is updated where necessary throughout the year and sets out how the Council

Element	Structure and processes
	<p data-bbox="517 236 2038 341">operates. It states which matters are reserved for decision by the Full Council, the responsibilities of the Cabinet and the matters reserved for collective and individual decision, and the powers delegated to panels and committees.</p> <ul data-bbox="472 384 2016 528" style="list-style-type: none"> <li data-bbox="472 384 2016 528">• The overall Council budget of the Council is set by Full 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. Full Council also monitors its performance through feedback from its residents and service users.

5.7.8 The Council has robust financial governance arrangements in place 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, setting 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 that procurement processes are delivering value for money. The General Purposes Committee receives an annual 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 been further strengthened with additional capacity at Director level in Finance; with one role focussed on commercial and capital programmes, given Enfield's ambitious regeneration plans, the other role focussed on the statement of accounts and the medium-term financial plan.

5.7.9. The Council ensures that it continues to comply with its public sector duties by carrying out Equality Impact Assessments, engagement with service users and with the voluntary sector before making decision which could impact on its residents.

5.7.10. The Council maintains a constant commitment to addressing emergencies promptly and effectively, both locally and across London, 24 hours a day, 365 days a year. Our Emergency Management Response Team is made up of an Emergency Planning Officer, a Council Gold (covered by the Chief Executive, an Executive Director or the Director of Environment and Operations), a Council Silver (covered by a Director), alongside 11 supporting staff, totalling 14 personnel. This structured framework has been in place for a significant duration, ensuring resilience and readiness. All members of the Council Gold and Silver teams have undergone specialised training at the Emergency Planning College. Compared to other local authorities, our emergency response process is notably comprehensive, which ensures we minimise potential delays in responding to emergency situations. Furthermore, the Council implements a robust Business Continuity Management process, encompassing policy, framework, and the Corporate Business Continuity Plan. We conduct Business Impact Analysis and develop Business Continuity Plans for all critical services to ensure operational continuity during emergency situations. The Council continues benchmarking against the London Resilience Standards, our recent self-assessment indicates significant progress, with confidence in meeting standards and a commitment to pursuing excellence moving forward. A new approach has been adopted in relation to BCM plans and impact analysis and this will be implemented over the coming year.

5.7.11. A review was recently undertaken of the process for officer decisions, and this has led to greater transparency and openness and increased oversight and awareness by the Executive Management Team. A central recording system will be implemented internally for non-key officers' decisions. A SharePoint library will be set up and each Directorate will be required to record details of the decision and upload their reports.

5.7.12. In November 2022, an independent peer team of officers appointed by the Local Government Association conducted a Corporate Peer Challenge (CPC) at Enfield Council. The CPC considered five key areas: local priorities and outcomes; organisational and place leadership; governance and culture; financial planning and management; and capacity for improvement. Following the CPC, the peer team produced a report which made 10 recommendations for areas where the Council could make improvements. In response to the 10 recommendations, the Council produced an action plan.

5.7.14. In November 2023, the peer team returned to Enfield Council to review progress made against the recommendations. Overall, the peer team commented the Council had made good progress against the recommendations identified by the CPC. The progress report also highlighted areas where further work could be focused to consolidate achievements and push forward with actions that could increase organisational resilience and secure further positive outcomes. The report will help to inform service planning for the 2024/25 financial year.

5.7.15. An internal audit on Members' Ethics and Supporting Members was issued in February 2023 with **Substantial Assurance**. The internal audit found:

- There was a consistent understanding of how Councillors should behave, and high ethical standards were adopted which promote public confidence in democracy.
- Actual or perceived conflicts of interest were identified and safeguarded against to ensure independence and objectivity and promoting public confidence.
- High ethical standards were promoted and maintained.
- Complaints were dealt with quickly and efficiently; the Independent Person was consulted where necessary; breaches were dealt with in accordance with the Council's procedures.
- Members received appropriate support to assist in fulfilling their roles and responsibilities.

6. Review of effectiveness

6.1. 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 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.
- 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 which includes ensuring best practice in corporate governance is applied across the Council.

6.2. The Council operates an 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. Schools are audited on a rotational basis.

Other significant governance actions taken during the year

6.4. The Council's statutory officers (Head of Paid Service, Section 151 Officer, Monitoring Officer) meet regularly as part of a wider Assurance Board to consider strategic and operational risk. The Board's work programme cycle is refreshed to respond to emerging risks. Examples of this include preparation for the CQC inspection of Adult Social Care, risks, and response to damp and mould in Council housing, cyber security and corporate security, Martyn's law, and insurance market challenges. Actions from this board are monitored.

6.5. The Corporate Risk Register was reviewed and updated regularly by senior management, reported to the internal Assurance Board and the General Purposes Committee on a six-monthly basis. With the ongoing economic uncertainty, high inflation and interest rate increases coupled with the cost-of-living crisis, risk scores were re-assessed and revised where appropriate.

6.6. The Government's Orange Book approach to risk management was adopted during 2023-2024.

Statement of Accounts Delays in External Audit

6.7. There are delays in the external audit of the Council's Statement of Accounts for 2019/20, 2020/21, 2021/22 and 2022/23 which remains of serious concern to the Council and to 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. The external auditor, BDO, has re-started work on the 2019/20 accounts and expect to have finalised this during 2024.

7. Governance issues

The Council has undertaken an assessment of governance issues and actions to address them. The table below provides an update on issues identified previously where relevant and describes the additional governance issues that have been identified and will be addressed over the coming year.

Governance Issue/ Area of Focus	Overview	Update and further actions planned
Financial Resilience	<p>The financial climate continues to be a challenge for the Council due to the impact of inflation, service demand increases and the impact of the wider economic circumstances and risks. The financial year 2023/24 closed with a forecast significant depletion in risk reserve levels.</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 particular, the scale of the temporary accommodation cost pressure is resulting in an in year significant financially challenging position. Further the future budget gap remains significant as anticipated funding levels fall short of the forecast increased cost pressures.</p>	<p>Financial resilience remains a top priority. There are three live work streams to focus the organisation on addressing the financial challenges: <i>stabilise</i> the current financial year, <i>save</i> for the future years and longer term <i>transformational</i> focus. These workstreams span capital and revenue budgets and progress is being driven through the new Finance Resilience Board programme.</p> <p>Progress will be reported in the autumn as part of the monitoring and budget setting cycles.</p> <p>The Council has £3m contingency annual budget. This reduced level of reserves brings sharp focus on the in year financially challenging position.</p> <p>The Capital Strategy planned for autumn 2023 will focus on financial resilience responding to the current economic climate. This revised Strategy has positively impacted on the budget by reducing capital expenditure and minimising new borrowing. The strategy was agreed at Cabinet in the autumn with a revised programme agreed at Council in February 2024.</p> <p>Given the pressures on the HRA business plan,</p>

Governance Issue/ Area of Focus	Overview	Update and further actions planned
		<p>ongoing monitoring of the business plan is recognised as a mitigation to increasing risks around inflation on costs, caps on income and higher levels of debt. An MRP charge has been introduced for the HRA from 2024/25 to support financial resilience.</p> <p>The Dedicated Schools Grant (DSG) deficit in 2023/24 is expected to be £2.6m arising from High Needs cost pressures. The cumulative DSG deficit, at the end of 2023/24 is £18m. In response to the significant accumulation of DSG deficits nationally, the Department for Education have developed two programmes, the Safety Valve programme, which targets Councils with the highest deficits and the Delivering Better Value (DBV) programme. The Council is part of the DBV programme which provides support to 55 Councils with significant deficits to produce an action plan to reduce the debt, however, additional funding is not provided as part of this programme.</p> <p>The new Council Plan provides a renewed strategic direction for the Council as it continues to invest in the borough to deliver positive outcomes for residents. The Plan emphasises the need for financial resilience and moving to a position where we are less reliant on central government funding and instead resourced more by funding generated in-borough and through inward investment using levers such as our Local Plan.</p>
Financial Impact	The Council continues to operate in an environment of	Looking forward to 2024/25 the Council has a number

Governance Issue/ Area of Focus	Overview	Update and further actions planned
	<p>considerable uncertainty and financial challenge. The potential financial impact of the ongoing challenges in 2023/24 and future years continues to be a significant area of concern and ongoing focus through the Council's budget setting and in year budget monitoring processes.</p> <p>The Council continues to focus on financial planning through the regular review and updating of the Medium Term Financial Plan to reflect any known significant changes and the estimated financial implication and put in place mitigating actions where possible.</p>	<p>of workstreams underway in response to the financial challenges, these were set out in the Section 25 statement: including focussing on increasing cost controls in year and starting the budget process early for 2025/26.</p> <p>Monitoring the implementation of the new council tax support scheme is a new area of risk for 2024/25 which will be closely monitored.</p>
<p>Increase in Service Demand</p>	<p>The key areas of budget pressure that continue to be felt in the Council's demand driven services include:</p> <ul style="list-style-type: none"> • Adults and Children's Social Care, specifically Learning Disabilities and Older People and people with physical disabilities services • Homelessness services, specifically the provision of Temporary Accommodation. <p>Homelessness is a key area of concern with the Council experiencing unprecedented demand from residents losing their homes. This is at a time when the private rented sector is contracting, rents are rising and there is a severe shortage of affordable privately rented homes across the whole of the southeast of England. The supply of temporary accommodation has</p>	<p>Actions taken in relation to Adults and Children's Social Care:</p> <ul style="list-style-type: none"> • Service transformation work in planning for in-house services (transport, enablement) and single point of access for adults with physical disabilities and older people. • Review of positive behaviour support offer and market development for adults with learning disabilities. • Transformation of community mental health services in partnership with NCL ICB and the North London Mental Health partnership. <p>New actions for 2024/2025:</p> <ul style="list-style-type: none"> • preparation for the reintroduction of regulatory

Governance Issue/ Area of Focus	Overview	Update and further actions planned
	<p>also fallen, meaning that the service has been dependent on commercial hotels and shared accommodation.</p>	<p>inspections for Councils with Adult Social Care responsibilities – Programme board in place with sub-groups covering all key areas with regular updates to EMT and Scrutiny Panel as well as member briefings.</p> <p>The level of demand on key services will continue to be closely monitored in 2023/24, with mitigating actions put in place where possible.</p> <p>A new approach to maximise the opportunities for residents to secure affordable accommodation in the light of increased pressures on accessing temporary and affordable housing in the borough is being developed, with a new service model and a revised placement policy proposed in 2023/24.</p> <p>Potential governance issues and risks associated with the increases in service demand will be monitored closely in these key areas.</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 and service to customers in regard to its duties under the Data Protection and Freedom of Information Acts.</p>	<p>The Cyber Security function has an ongoing monitoring and work plan to further enhance the Council's data security. This is reported to the GPC.</p> <p>The cross-council information governance board is in place and meets regularly.</p>

Governance Issue/ Area of Focus	Overview	Update and further actions planned
Subsidiary Company Strategy	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>The Council has commissioned independent strategic reviews of its companies, to shape and inform the MTFP.</p> <p>A quarterly review of the Council companies is reported to Cabinet, increasing robustness and transparency of reporting.</p>
Statement of Accounts	<p>Statement of Accounts 2019/20, 2020/21, 2021/22 – audit outstanding</p> <p>The Council Statement of Accounts for 2019/20, 2020/21, 2021/22 and 2022/23 audit has been delayed.</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.</p> <p>The corporate finance function has been restructured to build in resilience. The corporate team has had significant impact on the quality of work undertaken and drive to embed improved processes.</p> <p>In this context of unaudited Statement of Accounts, 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 in response to public interest reports in other councils).</p>
Purchase Cards	Purchasing goods via the Council's main purchasing system, Neptune, is the Council's preferred method to pay and purchase goods and services. However, Purchase Cards (P Cards) were introduced some	As a direct and immediate result of the audit, additional measures were introduced to improve the level of compliance, which resulted in improved compliance.

Governance Issue/ Area of Focus	Overview	Update and further actions planned
	<p>years ago to enhance the purchase to pay process, providing an easy and flexible alternative for buying small spend items.</p> <p>The Council's Financial Regulations and Contract Procedure Rules set out the guidelines that officers must comply with when purchasing goods and services on behalf of the Council.</p> <p>The number of P Cards in circulation increased during the coronavirus pandemic. The period over the pandemic necessitated greater flexibility and the ability to support residents.</p> <p>An internal audit of the P Card process was issued with limited assurance and identified non-compliance with P Card policy and procedures and a risk of fraudulent transactions taking place.</p>	<p>Considerable work has now taken place to tighten the policy and rationalise the number of cards in circulation by almost half and reduce/homogenise card limits. These changes ensure improved compliance and control going forward.</p>
<p>Improving communication on budget matters and improving links to the Council Plan</p>	<p>The importance of culture in financial resilience is well documented in public interest reports.</p> <p>Although CIPFA FM scored well on leadership. The Corporate Peer Review identified opportunities to improve communication on budget to the wider organisation.</p> <p>Clearly link our Medium-Term Financial Plan to our new Council Plan.</p>	<p>Development of a wider communication approach for the 2024/25 budget strategy is underway to drive consistency of messaging throughout the organisation. This includes clear messages on budget holder accountability.</p> <p>In addition, a briefing session will be undertaken for all budget holders to ensure they understand their roles and responsibilities. This will include the outcome of a review of departmental schemes of delegation programmed in this year, communicated to the wider</p>

Governance Issue/ Area of Focus	Overview	Update and further actions planned
		<p>organisation.</p> <p>Further actions are underway to link the MTFP and the new Council Plan, recognising that the MTFP is integral to the implementation of the Council Plan.</p>
<p>Housing Assurance Framework</p>	<p>The Council has developed a new assurance framework covering the Council Housing Service to ensure conformance with the new regulatory framework for social housing.</p> <p>The number of reported cases relating to damp and mould or conditions that increase the risk of damp and mould has been included in the corporate performance report.</p>	<p>The new assurance framework was approved by Cabinet in February 2023 enabling transparency and oversight of performance. The framework will help ensure that the service meets the proposed changes to the Social Housing Regulation and the four consumer Standards by reporting in a transparent way on performance.</p> <p>The framework will mitigate the risks associated with non-compliance against the Housing Regulators consumer standards using a three lines of defence model aligned to the key risks which may prevent compliance with the regulatory standards and to provide stronger governance structure around the Consumer Standard.</p> <p>The Council Housing workplan for 2024/2025 has been developed to embed and monitor all requirements of the Assurance Framework and to ensure these are maintained or updated when appropriate.</p> <p>A review of our approach to the new addition of Damp and Mould has seen improvement actions</p>

Governance Issue/ Area of Focus	Overview	Update and further actions planned
		implemented
Procurement	The Council will review its procurement policies and procedures to ensure they reflect the new procurement rules expected to be introduced in October 2024.	
Constitution	<p>The Council will review its Council Procedure Rules to ensure they are up to date and support the democratic process.</p> <p>We will create a work programme for the review of the various codes and policies contained within the Constitution to ensure they are up to date and fit for purpose.</p>	
Support for Democratic process and members	This will include an annual review of political balance and an annual review of members allowances	
Overview and Scrutiny Committee	The Council will review its scrutiny structure to ensure it reflects the Council's policies.	
Health & Safety	Review the effectiveness of the Council's	

Governance Issue/ Area of Focus	Overview	Update and further actions planned
	arrangements to manage the H&S and well-being of staff, visitors, and others.	
Covert Surveillance	Make improvements to the way we oversee and manage use of the RIPA powers and the way we store and manage information obtained as a result thereof. This follows the self-assessment undertaken in March 2024 and submitted to the IPCO.	
Code of Practice on Good Governance for Statutory Officers.	This new code adopted by CIPA, SOLACE and LLG will be reviewed and considered in the coming year.	
Risk Management	The Council's Risk Strategy is currently under review and will soon be reported to the Council's Assurance Board and to the General Purposes Committee for endorsement. We will also consider how to better embed the culture that 'everyone is a risk manager' across the organisation.	
Global Internal Audit Standards	We will review the new global internal audit standards as applied to the public sector.	
5 year review of the Internal Audit Function	The Public Sector Internal Audit Standards require the Council to arrange for an external review of the internal audit function every 5 years and that will take place some time in 2024-25.	
Business Continuity	A new approach has been adopted in relation to BCM	

Governance Issue/ Area of Focus	Overview	Update and further actions planned
Management	plans and impact analysis and this will be implemented over the coming year.	

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 Nes Caliskan
Leader of the Council
Date:

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