



London Borough of Enfield

Report Title	Audit and Risk Management Service Progress Update
Report to	General Purposes Committee
Date of Meeting	25 October 2023
Cabinet Member	Cllr Tim Leaver, Cabinet Member for Finance and Procurement
Directors	Terry Osborne, Director of Law & Governance
Report Author	Gemma Young, Head of Internal Audit & Risk Management Gemma.Young@Enfield.gov.uk
Wards affected:	All
Classification:	Part I Public

Purpose of Report

1. The Audit and Risk Management Service Progress Update Report at 31 August 2023 (**Appendix A**) summarises:
 - 2022-23 audit report with **Limited** assurance opinions issued since the last committee meeting
 - progress against the 2023-24 Internal Audit Plan.
 - the continued work of the Head of Internal Audit and Risk Management, in collaboration with the internal Assurance Board, to target limited audit resources at the highest priority Corporate and Schools' services.

Recommendations

- I. To note the remaining 2022-23 report with a Limited assurance opinion issued since the last committee meeting.
- II. To note the progress made on the 2023-24 Internal Audit Plan.

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Appendices

Appendix A: Audit and Risk Management Service Progress Update,
31 August 2023

Background Papers

None

CE23/015



Audit and Risk Management Service Progress Update 31 August 2023

Internal Audit

2022-23 Internal Audit Plan - No and Limited Assurance Reports

The 2022-23 Internal Audit Annual Report was presented to this committee in July 2023. Since that meeting and 31 August 2023, 1 final audit with a **Limited** assurance opinion has been issued.

The following summary from the audit report briefly explains the reasoning behind the **Limited** assurance opinion:

Household Support Fund and Holiday & Food Grant

The Council requested a review of its processes and controls around the administration of the Holiday Support Fund (HSF) and Holiday and Food Grant (HFG), and its relationship with the Enfield Food Alliance (EFA).

The work programme was to:

- Confirm there are documented policies and procedures in place for the administration of the HSF and the HFG by the Council and that these are consistent with any relevant terms and conditions associated with the HSF and HFG.
- Assess the design of associated controls in the following areas:
 - Eligibility Criteria – determine if there were defined eligibility criteria for who can receive funding from the HSF and HFG and what process should be followed to apply and/or be awarded funding, including declarations of interest;
 - Funding Calculations - understand how funding was calculated and how the Council ensured funding was accurately calculated and transferred completely to eligible applicants;

- Monitoring - understand what monitoring framework was in place to ensure funds were spent appropriately (in line with grant terms and conditions) and assess this for completeness and accuracy;
- Reporting - understand how monitoring information was shared, to whom and how frequently to ensure adequate oversight;
- Segregation of duties and authorisation - confirm there was adequate segregation of duties throughout the process and that there was independent authorisation of any decisions made;
- Documentation - confirm what documentation was retained and how it was stored to support decision-making;
- EFA - understand any involvement of the EFA in these processes.

The central theme across our findings was a lack of documentation to support the expected design and operation of controls in place; this has meant that the Council cannot always demonstrate compliance with applicable Central Governance guidance or its own expected processes.

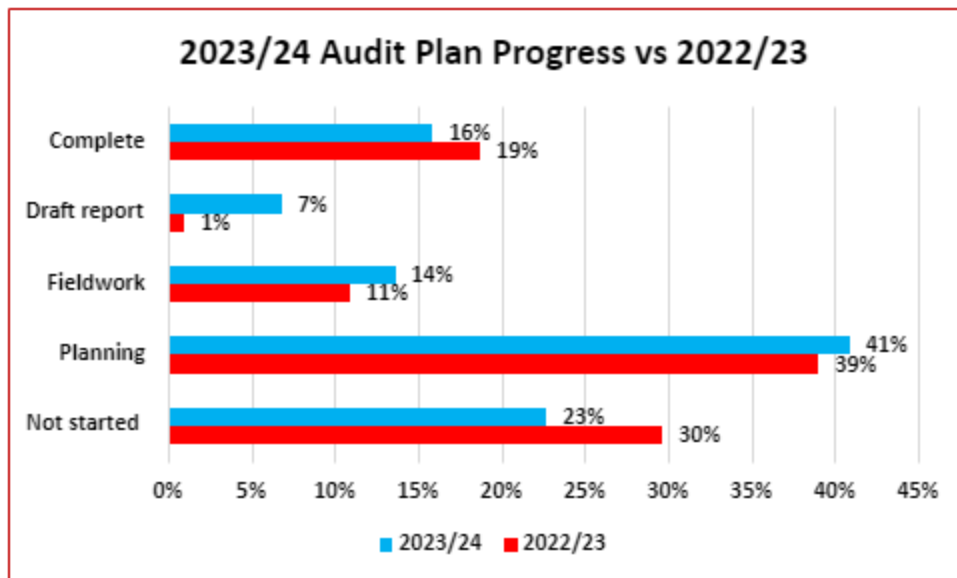
In line with good practice, creating guidance documents – and requiring evidence of compliance with these to be retained centrally and consistently – means that the Council will be able to more fully demonstrate how it is meeting applicable terms and conditions. This will also promote better transparency, including the management of actual or perceived risks of conflict of interest.

It is acknowledged that these grants were awarded during the Covid-19 Pandemic in which there was a significant change in working practices and pressure on resources, which meant the development of some of these controls and processes was hindered.

2023-24 Internal Audit Plan

During the period 1 April 2023 to 31 August 2023, the Internal Audit team commenced 34 assignments (77% of the plan) of which 7 (16%) have been completed. For the same period in 2022, 45 audits (70%) had commenced and 12 (19%) had been completed.

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



Changes to the 2023-24 Internal Audit Plan

Since the last meeting of this Committee, and 31 August 2023, 9 audits have been cancelled and no audits have been added to the plan.

The cancelled audits are:

Corporate Risk Reference	Department	Audit	Reason for Cancellation
CR02	People	Supporting Families Q1	Cancelled at service request. This will be included in Q2 test.
CR02	Environment & Communities	Planning Enforcement	Cancelled to align the audit plan to available resources as we have undertaken several Planning audits in recent years.
CR04	Chief Executive's	Data Protection	Cancelled to align the audit plan to available resources.
CR04	Cross Cutting	Freedom of Information Requests (Fol) and Subject Access Requests (SAR)	Cancelled to align the audit plan to available resources.
CR05	People	Post 16 Education	This audit related to the introduction of T Levels. However, the Council has decided not to encourage schools to register as T Level providers due to the onerous requirements and

Corporate Risk Reference	Department	Audit	Reason for Cancellation
			increased costs. Cancellation has been agreed with the Director of Education.
CR02	Environment & Communities	Non-residential Licensing ¹ .	Cancelled to align the audit plan to available resources.
CR12	Resources	Procurement Bill Readiness ¹ .	Cancelled to align the audit plan to available resources
CR17	Environment & Communities	Climate Change ¹ .	Cancelled to align the audit plan to available resources
CR13	LATC	Energetik – Billing Reconciliation Process ²	Cancelled at client request.

¹3 cancellations pending approval of the Assurance Board

²We offer our Internal Audit services to Energetik, at their cost. However, they are not obliged to use our services. Despite this offer, we haven't undertaken any internal audits for Energetik during the past 3 years. In 2021-22 and 2023-24, audits were requested but these were subsequently cancelled at Energetik's request.

From the Council's perspective, we have undertaken the following Energetik related audits recently:

- 2022/23 – Energetik Loan Repayments and Connection Timelines (**Reasonable** assurance)
- 2021/22 – Oversight of Energetik (**Limited** assurance)
- 2021/22 – Finance and Governance Review. This audit included Commercial Management and Governance Arrangements over wholly owned companies, including Energetik (**Advisory**)

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

Completed Audits

Between the last meeting of this committee and 31 August 2023, 4 audits were completed:

Corporate Risk Reference	Department	Audit	Assurance Level
CR12	Cross Cutting	Supply Chain Risks	Reasonable

Corporate Risk Reference	Department	Audit	Assurance Level
CR12	Environment & Communities	Highways Inspections	Reasonable
Other	People	Freezywater St Georges CE Primary School	Limited
Other	People	Orchardside School	Reasonable

Internal Audit Plan – No and Limited Assurance Reports

The following summary from the audit report briefly explains the reasoning behind the **Limited** assurance opinion:

Freezywater St Georges CE Primary School

During this audit we also identified some areas for improvement classified as **1 high risk**, **6 medium risk** and **8 low risk** findings. We also identified 4 advisory items for management attention. This has resulted in an overall **Limited** assurance opinion.

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

1. The school moved to the BACs process in 2022. We were advised that verification checks for vendor change requests were not in place.

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

1. The school does not have a business continuity and disaster recovery plan in place as required by the Schools Financial Value Standard (SFVS).
2. As the school's improvement plan referred to the current year only and was not linked to the 3 year budget plan, there is a risk around forward financial planning.
3. The Council's Contract Procedure Rules had not been fully followed for the award of the cleaning contract. Also, the IT contract was signed but not dated and so we were unable to confirm Governing Body approval had been received prior to the contract being signed.
4. Purchase orders and invoice certifications were not completed in full, with appropriate dates, to demonstrate there had been advance approval and that payments were made within 30 days.
5. We were unable to confirm starter and leaver videpay forms had been authorised by Executive Headteacher.
6. Staff additional hour claim forms were not authorised in 4 of the 5 forms tested.

2023-24 Internal Audit Quality Assessment

Performance of the Internal Audit service against agreed Key Performance Indicator (KPI)/quality metrics April 2023 to 31 August 2023 is:

KPI / Quality Metric	Target	Actual
Days from end of fieldwork to issue of draft report	15	17
Days from receipt of management comments to issue of final report	10	9
Level of satisfaction score with audit work	80%	93%*
% of the audit plan delivered to draft report stage (by 31 March)	95%	21%

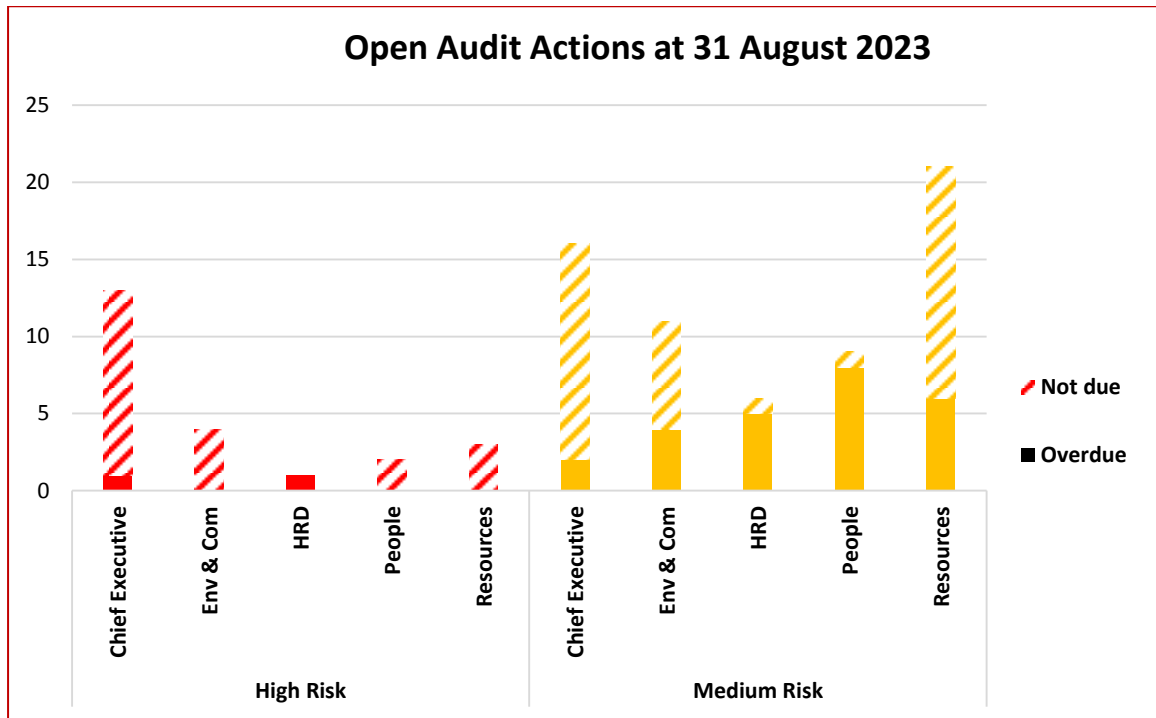
* The level of satisfaction with audit work is determined by way of client satisfaction surveys issued after finalising every audit. 3 survey responses have been received so far for 2023-24 audits.

Corporate Audit Actions Implementation

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

As at 31 August 2023, the implementation rate (12-month rolling basis) for actions from high risk findings is 90% (2022: 78%) and for medium risk findings is 77% (2022: 82%).

85 actions from high and medium risk findings identified from corporate audits remained open. Of these, 30 actions (5 high risk and 25 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:

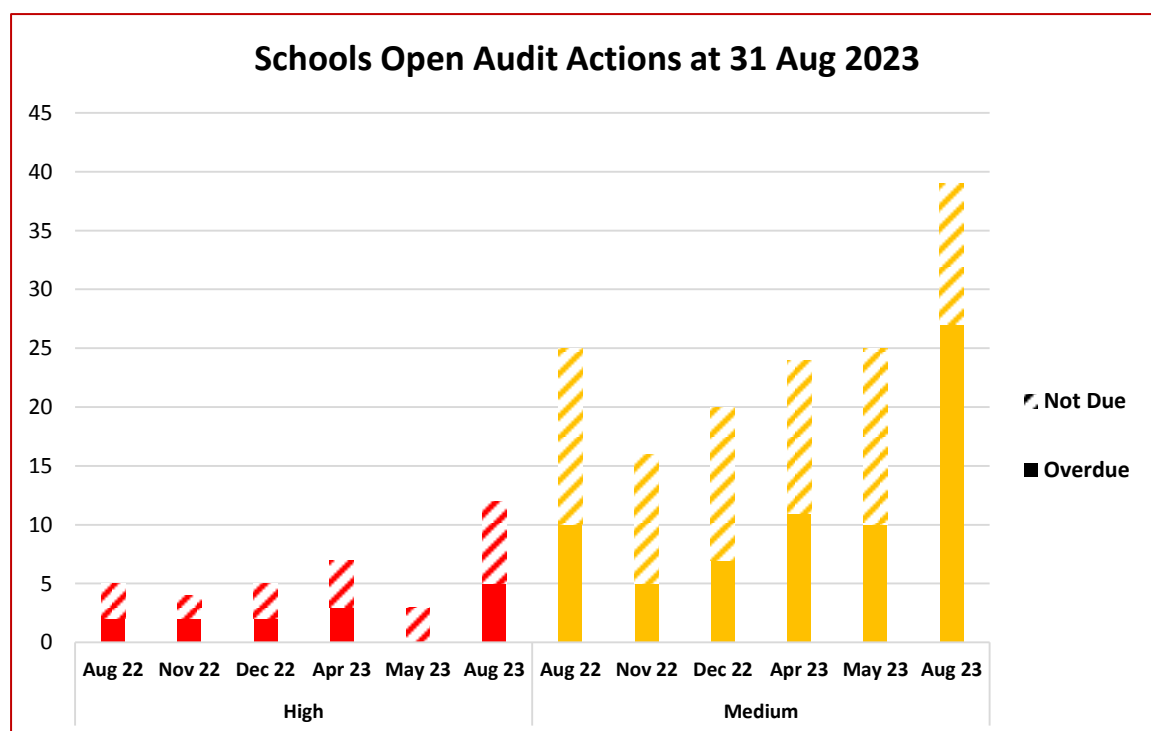


Details of the overdue corporate actions from high risk findings are provided in **Annex B**.

Invitations to the General Purposes Committee

Attendee	Reason for attending	Reference
Doug Wilson - Director of Adult Social Care	To provide an update on overdue actions agreed in the 2021-22 Financial Management of Bridgewood House audit.	Annex C

Schools' Actions Implementation



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

Insurance

Key Performance Indicators

Performance of the Insurance team against 2023-24 KPIs is summarised in the table below:

KPI / Quality Metric	Target	Actual
% new claims responded to within 48 hours	95%	96%
Data accuracy - % of claims data correctly input into insurance database	90%	94%
Repudiation rate	65%	80%

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*
Officials Indemnity	Cancellation of event	1	2,066^
Public Liability	Abuse	7	505
Public Liability	Failure to remove	5	600
TOTAL			4,370

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

^This claim has a £500,000 policy excess; the balance of the claim will be paid by our insurers

2024 Insurance Tender

The Council procures insurance on a 5 year basis with our current contracts expiring on 31 March 2024. During the 5 years, premiums are renewed on an annual basis.

We have already started preparing for the tender. It is becoming increasingly common across the insurance industry for insurers to request more detailed information than had been previously requested. We are finding this to be the case in comparison to our 2019 tender.

The insurance market continues to be hard –fewer insurers, higher premiums, and restrictions in cover. As a result, we are expecting premiums to be higher than currently with possible restrictions in cover.

In order to achieve the best possible success in tendering the contract we will be highlighting the sound risk management practices across the Council and our good claims experience to potential bidders.

We expect to publish the tender in November 2023.

ANNEX A: 2023-24 Audit Plan Status

Title	Audit Team	Audit Status	Assurance Level	Critical Risks	High Risks	Medium Risks	Low Risks
Insurance	PwC	Draft report issued	-	-	-	-	-
Dugdale Arts Centre - Capital Spend	In House	Draft report issued	-	-	-	-	-
Non-residential Licensing	In House	Cancelled [#]	-	-	-	-	-
Planning Enforcement	PwC	Cancelled	-	-	-	-	-
Bus Service Operator's Grant	In House	Planning	-	-	-	-	-
Supporting Families - Q1	In House	Cancelled	-	-	-	-	-
Supporting Families - Q2	In House	Not Started	-	-	-	-	-
Supporting Families - Q3	In House	Not Started	-	-	-	-	-
Supporting Families - Q4	In House	Not Started	-	-	-	-	-
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	-	-	-	-
Turnaround Programme 2022-2025	In House	Planning	-	-	-	-	-
Treasury Management	PwC	Planning	-	-	-	-	-
Education Funding	In House	Fieldwork in progress	-	-	-	-	-
Adult Social Care Debt Collection	In House	Fieldwork in progress	-	-	-	-	-
Direct Payments	In House	Fieldwork in progress	-	-	-	-	-

Title	Audit Team	Audit Status	Assurance Level	Critical Risks	High Risks	Medium Risks	Low Risks
Data Protection	PwC	Cancelled	-	-	-	-	-
Freedom of Information Requests (Fol) and Subject Access Requests (SAR)	PwC	Cancelled	-	-	-	-	-
Unregulated Services for Adult Assisted Living	In House	Not Started	-	-	-	-	-
Post 16 Education	In House	Cancelled	-	-	-	-	-
Home Care Support	PwC	Planning	-	-	-	-	-
Cyber Security Strategy	PwC	Planning	-	-	-	-	-
Digital Maturity Assessment	PwC	Planning	-	-	-	-	-
Housing Repairs & Maintenance - Disrepairs	In House	Planning	-	-	-	-	-
Facilities Management and Compliance	In House	Planning	-	-	-	-	-
Property Services and Commercial Leases	PwC	Planning	-	-	-	-	-
Selective Licensing of Privately Rented Residential Properties	In House	Draft report issued	-	-	-	-	-
Housing Conditions	In House	Fieldwork in progress	-	-	-	-	-
Council Housing Fire Safety	PwC	Not Started	-	-	-	-	-
Housing Allocations	In House	Planning	-	-	-	-	-
Supply Chain Risks	PwC	Complete	Reasonable	-	-	2	1
PFI Streetlighting Contract	PwC	Planning	-	-	-	-	-
Highways Inspections	In House	Complete	Reasonable	-	-	1	5
PFI Contract Monitoring - Schools	PwC	Planning	-	-	-	-	-

Title	Audit Team	Audit Status	Assurance Level	Critical Risks	High Risks	Medium Risks	Low Risks
Procurement Bill Readiness	In House	Cancelled [#]	-	-	-	-	-
Energetik - Billing Reconciliation Process	PwC	Not Started	-	-	-	-	-
HGL - Temporary Accommodation Stock Transfer	PwC	Planning	-	-	-	-	-
Additional Payments	In House	Planning	-	-	-	-	-
Staff Productivity	In House	Fieldwork in progress	-	-	-	-	-
Youth Participation Policy	In House	Not Started	-	-	-	-	-
Climate Change	In House	Cancelled [#]	-	-	-	-	-
Gender and Ethnicity Pay Gap Reporting	PwC	Planning	-	-	-	-	-
Adult Social Care Budget Monitoring	In House	Planning	-	-	-	-	-
Goods Receipt/Invoice Receipt (GRIR) Process	PwC	Fieldwork in progress	-	-	-	-	-
Mayor of the London Borough of Enfield Appeal Fund Accounts 2022-23	In House	Planning	-	-	-	-	-
Freezywater St Georges CE Primary School	In House	Complete	Limited	-	1	6	8
Forty Hill CE Primary School	In House	Not Started	-	-	-	-	-
Garfield Primary School	In House	Planning	-	-	-	-	-
Our Lady of Lourdes Catholic Primary School	In House	Not Started	-	-	-	-	-
St John's CE Primary School	In House	Not Started	-	-	-	-	-
Orchardside School	In House	Complete	Reasonable	-	1	3	9

Title	Audit Team	Audit Status	Assurance Level	Critical Risks	High Risks	Medium Risks	Low Risks
Durants School	In House	Not Started	-	-	-	-	-

Pending approval from Assurance Board

ANNEX B: Overdue High Risk Actions

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Chief Executives					
Staff Ethical Standards	Code of Conduct	We will review the Code of Conduct to ensure: - all embedded links are working; - only a single version is available to staff on the intranet, which is appropriately version controlled with next review dates included; - there is appropriate content and/or links related to the Seven Principles of Public Life;	31-May-2023	August 2023, Internal Audit Action remains progressed. 2 of the 3 parts are implemented. However, a search on the intranet still returns 2 versions of an Employee Code of Conduct. The one uploaded by Digital Services is out of date and should be removed to avoid doubt or confusion.	31-May-2023
Environment & Communities					
Oversight of Energetik Loan Repayments and Connection Timelines	Governance and Reporting	We will share the latest Operational Plan with the Cabinet.	30-Apr-2023	June 2023, Assurance Board We have been advised that the papers prepared for the April Cabinet meeting were withdrawn 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. We propose to agree a new target date of December 2023 for the Operational Plan action.	31-Dec-2023
People					
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	30-Jun-2022	August 2023, Internal Audit Action remains progressed. Internal Audit were unable to validate this action from the documentation provided.	31-Aug-2022

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		<p>to:</p> <p>a) Monthly reconciliations undertaken between the bank statement and the resident's income and expenditure records.</p> <p>b) A summary of the individual resident account balances that make up the bank balance total.</p> <p>c) Monthly reconciliations of individual income and expenditure records for each resident against the supporting documentation held.</p> <p>d) All reconciliations independently reviewed and approved by a second member of staff to confirm their accuracy.</p>		Further information has been requested.	
Financial Management of Bridgewood House	Reconciliation Processes	<p>We will ensure that:</p> <p>a) All cash withdrawals from the resident bank account will be signed off by two authorised members of staff. This process will be included as a part of the home's procedure notes</p> <p>b) Appropriate records showing the approval of all cash withdrawals from the bank account will be retained and any cash change will be banked accordingly. These transactions will be recorded on the resident's income and expenditure records.</p> <p>c) Supporting documentation will be held demonstrating the appropriate approval, including that of the resident or an</p>	31-Jul-2022	<p>August 2023, Internal Audit</p> <p>Action remains progressed. Internal Audit were unable to validate this action from the documentation provided. Further information has been requested.</p>	31-Oct-2022

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		<p>authorised family member, for all expenditure paid out.</p> <p>d) If authority has been granted to the home to manage a client's money, this will be clearly documented and delegated to named officers.</p> <p>e) When residents expense accounts are deducted for items such as podiatry charges, these reductions will be signed off by an approving officer.</p> <p>f) Details of the staff responsible for undertaking, completing and approving purchases and the corresponding supporting documentation required will be included in the home's written procedures.</p>			
Resources					
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	July 2023, The work instructions have been amended. The known non-compliance issues with the DWP MOU 23/24 won't affect the work instructions. These work instructions will be reviewed again once we've completed the DWP audit exercise and we've had our next meeting with Civica on Demand.	31-Aug-2023

ANNEX C: Financial Management of Bridgewood House

FINDING REF	RISK CATEGORY	AGREED ACTION	ACTION DUE BY
2	HIGH	<p>Reconciliation Processes</p> <p>Agreed Action 2.1</p> <p>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:</p> <ul style="list-style-type: none"> - Monthly reconciliations undertaken between the bank statement and the resident's income and expenditure records. - A summary of the individual resident account balances that make up the bank balance total. - Monthly reconciliations of individual income and expenditure records for each resident against the supporting documentation held. - All reconciliations independently reviewed and approved by a second member of staff to confirm their accuracy. <p>Agreed Action 2.2</p> <p>We will ensure that</p> <ul style="list-style-type: none"> - All cash withdrawals from the resident bank account will be signed off by two authorised members of staff. <p>This process will be included as a part of the home's procedure notes.</p> <ul style="list-style-type: none"> - Supporting documentation will be held demonstrating the appropriate approval, including that of the resident or an authorised family member, for all expenditure paid out. - If authority has been granted to the home to manage a client's money, this will be clearly documented and delegated to named officers. - When residents expense accounts are deducted for items such as podiatry charges, these reductions will be signed off by an approving officer. 	<p>Target date: 30 June 2022</p> <p>Target date: 31 July 2022</p>