

London Borough of Enfield

General Purposes Committee

30 June 2021

Subject: Annual Internal Audit Report

Cabinet Member: N/A

Executive Director: Ian Davis, Chief Executive

Key Decision: N/A

Purpose of Report

1. The Annual Internal Audit Report (**Annex A**) summarises:

- the results of the work that the Internal Audit service has undertaken during 2020-21
- the continued work of the Head of Internal Audit in collaboration with the internal Assurance Board to target limited resources at the highest priority services
- the opinion of the Head of Internal Audit and Risk Management that there is **Reasonable** assurance over the arrangements for governance, risk management and internal control in the London Borough of Enfield
- the actions that the Internal Audit service will implement to ensure the continuous improvement of the service

Proposal

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

Reason for Proposal

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

Relevance to the Council's Plan

Good Homes in Well-Connected Neighbourhoods

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

Safe, Healthy and Confident Communities

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

An Economy that Works for Everyone

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

Background

7. In line with the Council's Internal Audit Charter, which is based on the requirements of the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit and Risk Management has a responsibility to regularly update the General Purposes Committee on the work of Internal Audit through periodic and annual reports.
8. These reports should include details of audit activities with significant findings along with any relevant recommendation. Periodic information of the status of the annual audit plan should also be included.
9. The PSIAS also requires the Head of Internal Audit and Risk Management's annual report to include an opinion of the overall adequacy and effectiveness of the organisation's framework of governance, risk management and internal control. For 2020-21, the Head of Internal Audit and Risk Management's opinion is that there is **Reasonable** assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal controls.
10. Additionally, it is a requirement of the PSIAS that an external assessment of the Internal Audit function is conducted every five years by a qualified and independent assessor from outside the organisation. Such an assessment was carried out in 2019-20 and therefore was not required in 2020-21. However, an internal self-assessment has been carried out and details of actions to be taken to ensure continuous improvement of the service are outlined in our Internal Audit Quality Assurance Improvement Plan which forms part of the Annual Internal Audit Report.

Main Considerations for the Council

11. Any large complex organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate risks it may face. Through the Assurance Board, the Council has sought to target the available audit resources at services that require the greatest levels of scrutiny.
12. During 2020-21, the Council continued to improve its risk management procedures. It is recognised that in the Council needs to continue to build on its successes in this area and this is outlined in a separate paper and summarised in the Annual Internal Audit Report.
13. The Internal Audit service works closely with senior managers in the identification and mitigation of risk. The Assurance Board, with membership consisting of the Council's Statutory Officers and Internal Audit, is seen as a best practice approach by the Head of Internal Audit and Risk Management. The Board reviews its approach each year and in 2020-21 introduced the following controls:
 - additional sign off processes and tracking procedures more closely involving Executive Directors for all *Limited* and *No* assurance audits
 - revised procedures around risk management at Departmental/Divisional level
 - revised escalation procedures for schools
14. In 2020-21, 49 audits (2019-20: 59) were commissioned through the Council and monitored by the Assurance Board, of which 27 (2019-20: 46) received an assurance rating.
15. 19 audits that received an assurance opinion were targeted at key corporate services and 8 were schools' audits. This compares to 32 corporate audits and 14 schools' audits in 2019-20.
16. The assurance opinions in 2020-21 compared to 2019-20 are:

	2020-21		2019-20	
		%		%
Substantial	4	15%	-	-
Reasonable	12	44%	20	46%
Limited	10	37%	19	43%
No	1	4%	5	11%

As can be seen from the above table, there has been a significant year on year improvement in the assurance opinion profile.

17. In total, 198 actions for improvement have been discussed and agreed with management, including 23 addressing high risk findings. No critical issues were identified in 2020-21. Also, significant progress in implementing actions was made in 2020-21 over 2019-20.

As mentioned at paragraph 14 above, only 49 audits were commissioned in 2020-21 compared to 59 in 2019-20.

Safeguarding Implications

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

Public Health Implications

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

21. An internal audit of the Council's Climate Action Plan took place as part of the 2020-21 audit plan.

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

22. The Internal Audit service supports management in the identification and mitigation of risks and therefore if this work is not carried out, reviewed and followed up, the Council faces the risk of legal, financial and reputational loss.

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

23. N/A

Financial Implications

24. Section 151 of the Local Government Act 1972 requires that every local authority in England and Wales should "make arrangements for the proper administration of their financial affairs." The Chief Finance Officer (Section 151 Officer) in a local authority must lead the promotion and delivery, by the whole authority, of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. The role of the Section 151 Officer includes ensuring that the systems and processes for financial administration, financial control and protection of the authority's resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice. The Accounts and Audit Regulations 2003 (England and Wales), requires that a "relevant body shall maintain an adequate and effective system of internal audit of its accounting records and its system of internal control."

25. The role of Internal Audit supports this by undertaking a review of the controls in place. The internal Audit plan set out in partnership to achieve this by:

- ensuring that the authority puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes
- ensuring that these controls are an integral part of the authority's underlying framework of corporate governance and that they are reflected in its local code

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

27. As Section 151 Officer, I am confident in the management team and the organisation's commitment to continue to work on implementing the actions necessary and that overall the key financial safeguards are in place. The ongoing review of our key control systems will continue over the coming year to ensure that overall the finances continue to be well governed.

Legal Implications

28. The Council's Chief Finance Officer (the 'Section 151 Officer' – section 151 Local Government Act 1972) has statutory status and is responsible for financial administration. The Chief Finance Officer is also under a statutory duty to issue a formal report if s/he believes that the Council is unable to set or maintain a balanced budget (the 'section 114 report' (section 114 Local Government Finance Act 1988)).

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

- facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- ensures that the financial and operational management of the authority is effective; and
- includes effective arrangements for the management of risk.

30. The Internal Audit service must be effective in order to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

31. Each financial year the council must conduct a review of the effectiveness of the system of internal control required by regulation and prepare an Annual Governance Statement.

32. This report addresses the statutory obligations for local audit processes. The Local Government Act 1972 and subsequent legislation sets out a duty for the Council and other Councils to make arrangements for the proper administration of

their financial affairs. This report also complies with the requirement of the following:

- Local Government Act 1972
- Accounts and Audit Regulations 2015
- CIPFA/IIA: Public Sector Internal Audit Standards (PSIAS)
- CIPFA/IIA: Local Government Application Note for the UK PSIAS

33. The provision of an Internal Audit service is integral to the financial management at the Council and assists in the discharge of its duties.

Workforce Implications

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

Property Implications

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

Other Implications

36. N/A

Options Considered

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

Conclusions

38. The General Purposes Committee is requested to note:

- the work completed by the Internal Audit team during 2020-21 and the themes and outcomes arising from this work
- the opinion of the Head of Internal Audit and Risk Management that there is **Reasonable** assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal controls

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Date of report: 21 June 2021

Appendices

Annex 1: Annual Internal Audit Report

Background Papers

None

Annex A



Internal Audit Annual Report 2020-21

July 2021

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Summary of Internal Audit Work

Internal Audit

This report summarises the internal audit work undertaken during 2020-21 and provides an overview of the effectiveness of controls in place during the year.

In 2020-21, 49 assignments were undertaken, and audit opinions were given for 27 of these assignments. The remaining assignments included grant certifications, follow ups to previous audits and standalone advisory assignments for which no opinion was stated.

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

Internal Audit Purpose and Mission

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

Governance

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

General Purposes Committee

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

Assurance Board

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

Audit Plan 2020-21

An audit plan covering the financial year 2020-21 was agreed with the General Purposes Committee on 23 July 2020. This plan had been updated from the draft reviewed by the General Purpose Committee on 5 March 2020 due to the impact of the Covid-19 pandemic. As the year progressed, Internal Audit continued to liaise with Executive Directors, Directors and Heads of Service and changes to the plan were made as a result. These changes are outlined in **Appendix 2**.

Internal Audit Methodology

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

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

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

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

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

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

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

Audit Actions Implementation

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

Annual Schools Internal Audit Report

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

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

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

Annual Audit Opinion

Introduction

The Public Sector Internal Audit Standards (PSIAS) requires the chief audit executive (who at the London Borough of Enfield is the Head of Internal Audit and Risk Management) to deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

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

The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

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

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

Impact of Covid-19 Pandemic

Due to the impact of the Covid-19 pandemic on the Council, several changes were made to the 2020-21 audit plan. These changes were made in conjunction with management and the General Purposes Committee.

Despite these changes, sufficient audit work covering the main risk areas in the Council has been delivered to allow an overall opinion to be expressed.

Head of Internal Audit and Risk Management's Annual Opinion

The General Purposes Committee agreed to an internal audit plan covering 49 subject areas. The work programme was targeted at the Council's highest risk areas of operation. I am satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, it should be noted that assurance can never be absolute that there are no major weaknesses in the system of internal control.

My opinion for 2020-21 is as follows:

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.

Basis of the opinion

The basis for forming my opinion is as follows:

- an assessment of the design and operation of the underpinning assurance framework and supporting processes
- an assessment of the range of individual opinions arising from risk based audit assignments delivered during the year
- an assessment of management's progress in addressing control weaknesses both this year and carried from 2019-20
- any reliance this is being placed on third party assurances
- the effects of any significant changes in the Council's objectives or systems
- cumulative audit knowledge and intelligence gathered through attendance at key meetings and other working groups
- any limitations which may have been placed on the scope or resources of internal audit

In summary, the Head of Internal Audit and Risk Management's opinion shows a positive direction of travel over 2019-20 when a Limited opinion was expressed. The positive direction of travel is due to:

- an improved profile in opinions given in individual audit reports during the year against 2019-20
- an improved implementation rate of audit actions during the year over 2019-20
- in particular, an improved audit opinion profile and improved audit action implementation rates in schools in 2020-21 over 2019-20
- an improving risk management culture in the Council:
 - Everyone's a Risk Manager training offered throughout the Council
 - The launch of an Everyone's a Risk Manager video
 - Effective monitoring of risks via the Corporate Risk Register, the Covid-19 Risk Register and Brexit Risk Register by management and the General Purposes Committee
 - A single repository for Departmental and Director level risk registers which have now been uploaded to Pentana

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

Analysis of Internal Audit Work

Overview of Work Done

The internal audit plan was designed to be flexible, and reviews have moved in and out of the work programme during the year to accommodate the Council's changing risk profile and ability to obtain assurances from other reliable sources. This resulted in a reduction of 23 reviews from the agreed audit plan of 66 audits. However, 6 new assignments were undertaken to substitute for some of the cancelled or deferred audits, resulting in a total of 49 assignments undertaken in 2020-21. The changes were notified to the General Purposes Committee during the year and have not impacted upon the assurance opinion. Full details of changes to the audit plan are given in **Appendix 3**.

Key points to note from the delivery of the 2020-21 audit plan are:

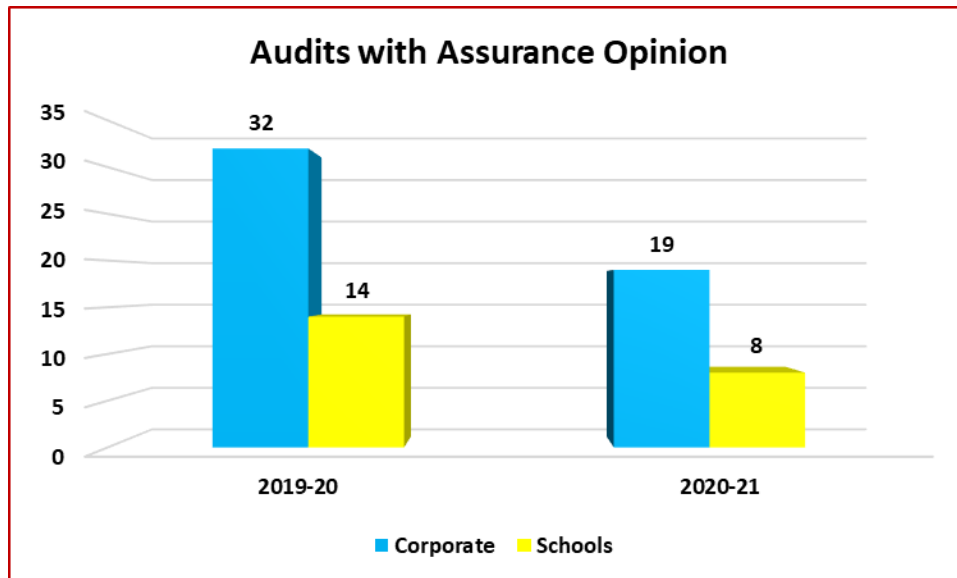
- internal auditors were independent of the areas audited
- no significant limitations or restrictions were placed on the scope or resources of Internal Audit
- the Head of Internal Audit and Risk Management attended departmental management team meetings, Assurance Board and Executive Management Team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

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

Audit outcomes

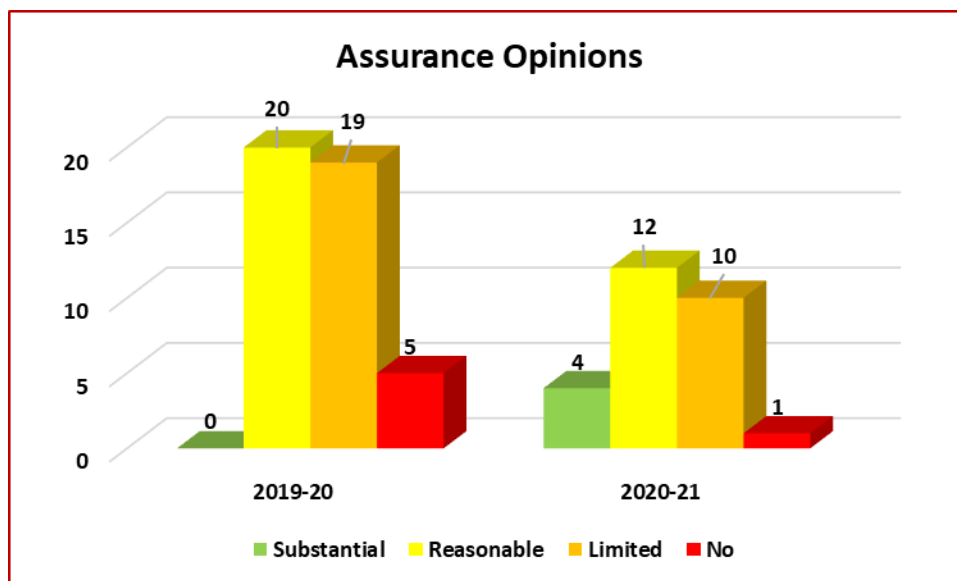
The Council's internal audit plan covered the Council's key processes and systems and those operating in Enfield's schools.

In 2020-21, 49 audits (2019-20: 59) were commissioned through the Council and monitored by the Assurance Board, of which 27 (2019-20: 46) received an assurance rating.

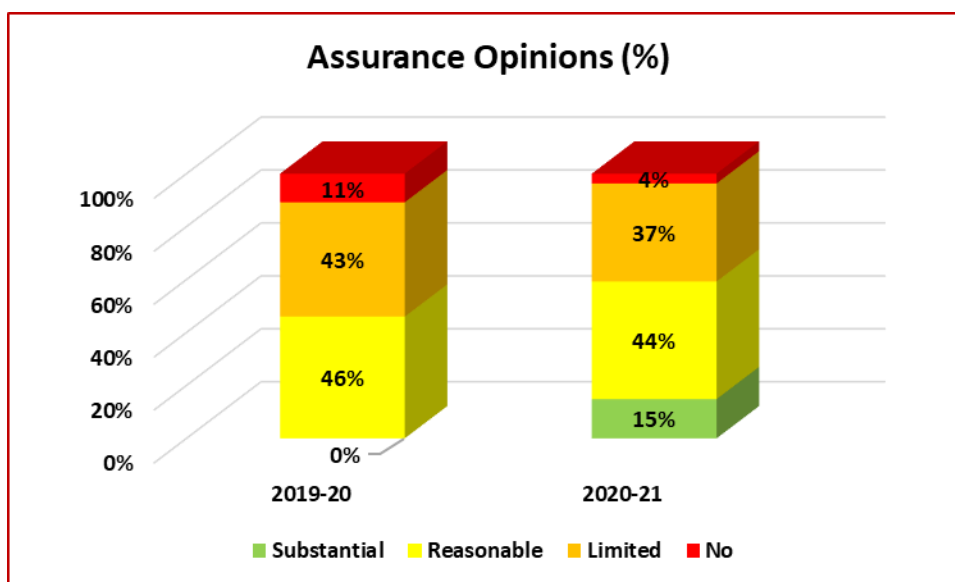


19 audits that received an assurance opinion were targeted at key corporate services and 8 were schools' audits. This compares to 32 corporate audits and 14 schools' audits in 2019-20.

The assurance opinions given for 2020-21 compared to 2019-20 can be summarised as follows:

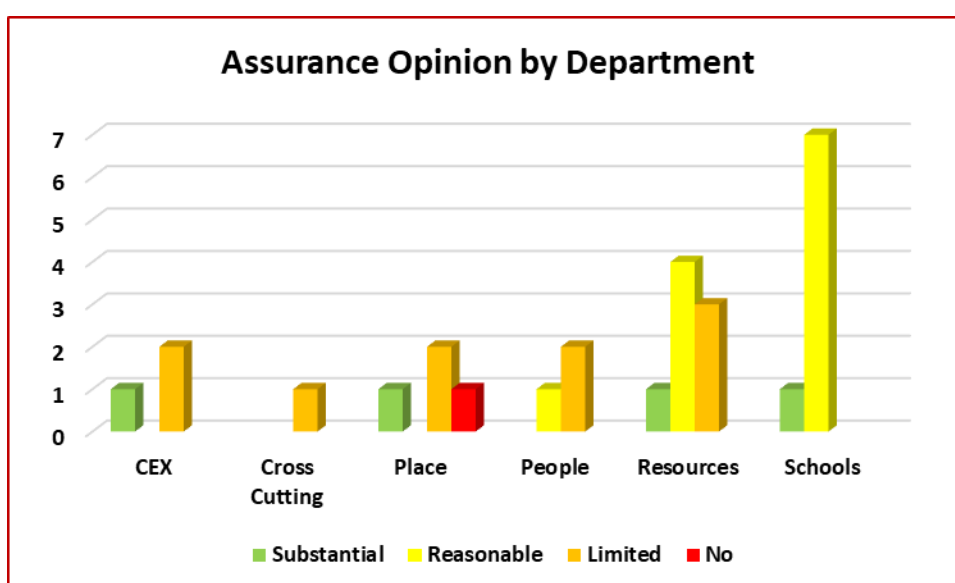


As a percentage of the audits which received assurance opinions, this is shown as follows:



As can be seen from the above charts, there was a positive direction of travel in terms of the assurance opinions issued in 2020-21 over 2019-20. This has contributed to the issue of a **Reasonable** annual opinion in 2020-21.

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



One *No* assurance opinion and 10 *Limited* assurance opinions were issued in 2020-21. These audits were:

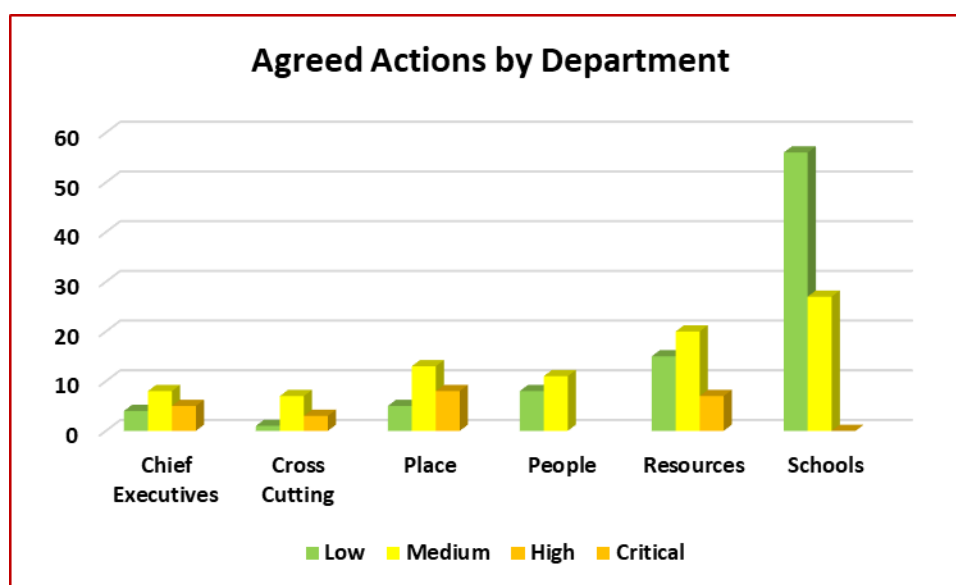
Dept.	Audit	Assurance Level	Actions			
			Critical	High	Medium	Low
Place	Planning Enforcement	No	-	5	5	-
Chief Executive's	Recruitment	Limited	-	3	2	1
Chief Executive's	Legal	Limited	-	1	2	-

Dept.	Audit	Assurance Level	Actions			
			Critical	High	Medium	Low
Cross Cutting	Schools' Financial Monitoring	Limited	-	1	4	-
Place	Meridian Water Procurement Strategy	Limited	-	-	5	-
Place	Cleaning Service	Limited	-	3	3	3
People	Mental Health – AMHP Service	Limited	-		4	3
People	Unregulated Placements	Limited	-	-	5	2
Resources	Pre-paid and Purchase Cards	Limited	-	1	3	-
Resources	Supplier Resilience	Limited	-	1	3	-
Resources	Treasury Management	Limited	-	1	5	2

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

Agreed actions

In total, 198 actions for improvement have been discussed and agreed with management, including 23 addressing high risk findings. No critical issues were identified in 2020-21. The issues are broken down by Department in the following chart:



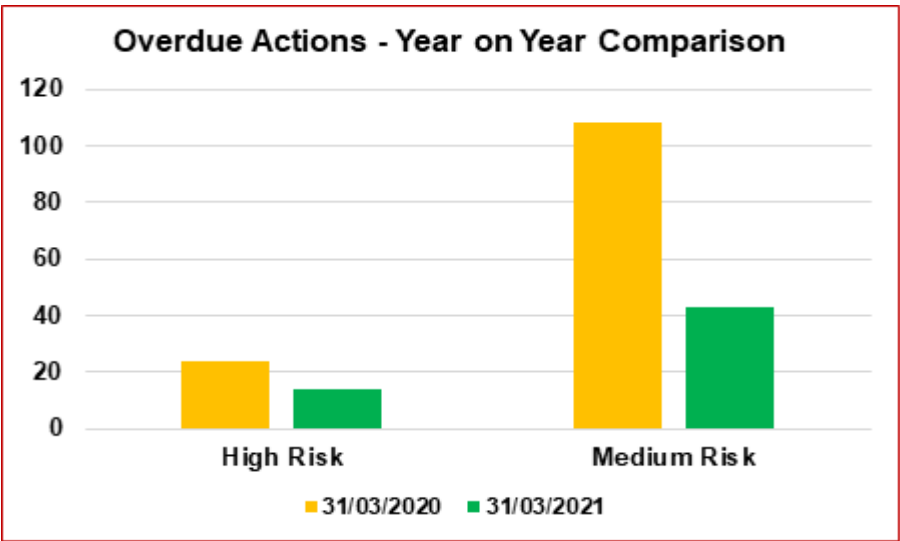
Due to the nature of the schools' audit programme it is not unexpected that a higher number of actions are allocated to schools. It should be noted that schools' actions identified were either medium or low – no high risk actions were identified.

Action implementation

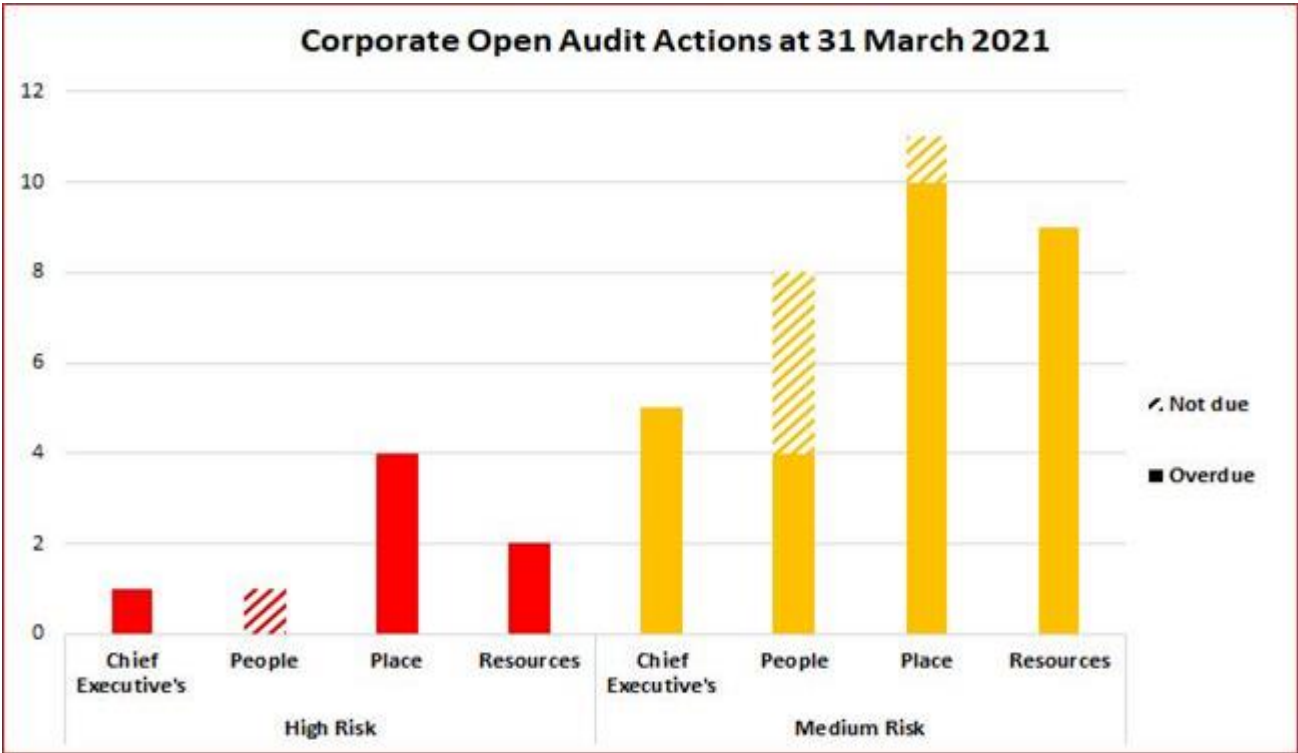
The implementation of agreed actions is tracked by the Internal Audit team and reported to the Assurance Board and the General Purposes Committee. During 2020-21, the Assurance

Board held dedicated sessions to discuss action implementation progress and this has helped to improve the rate of implementation.

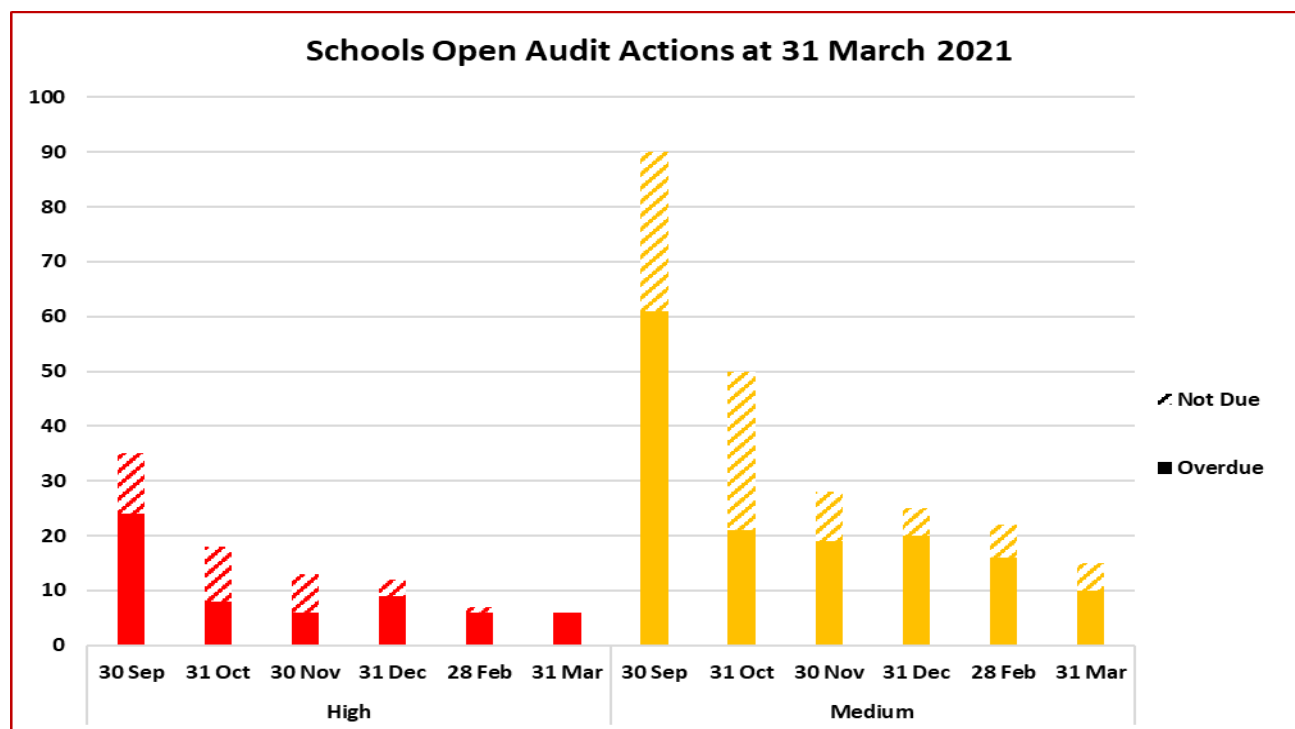
As can be seen from the following chart, significant progress has been made in implementing actions over 2019-20 with fewer overdue actions outstanding at 31 March 2021 than in 31 March 2020:



Open audit actions at 31 March 2021 by Corporate Department is shown in the chart below:



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



The improvement in action implementation was one of the contributing factors to the overall **Reasonable** opinion for 2020-21.

Key Themes Identified

During 2020-21 a good level of engagement between Internal Audit and senior management has continued. This has enabled the Internal Audit team to focus on key areas of risk as well as work closely with management to formulate actions to address areas where improvement is required.

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

- **Governance arrangements**

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

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

We also found that improvements can be made in terms of monitoring team performance and in ensuring that Council wide policies and procedures are followed.

- **Key Financial Processes**

Over the past two years, we have undertaken in depth reviews of key financial processes. In general, this approach has found that there is opportunity to strengthen key processes. These issues have been a management priority to address.

- **Risk Management**

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

A revised Risk Strategy was implemented, together with a Risk Operational Plan during 2020-21. These were both presented to the General Purposes Committee. The 2021-22 Risk Strategy and Operational Plan are presented to the General Purposes Committee in a separate paper.

Key Risk Management improvements during 2020-21 were:

- a new risk framework was developed, moving the organisation away from a Traditional Risk Management (TRM) model to a more cohesive Enterprise Risk Management (ERM) model where Everyone's a Risk Manager. This enables strategic, pro-active and holistic management of risks.
- an updated Risk Strategy was published, which included detailed roles and responsibilities for all members of staff.
- a new Risk Manual was developed, providing staff with step by step guidance on the risk management process.
- Departmental, divisional and service risk registers were developed and recorded centrally on Pentana for improved reporting and monitoring.

- extended risk management training targeted to senior managers, including accredited training, was delivered to over 100 staff from across the Council.
- recommendations from the 2019-20 Risk Management audit were all actioned and implemented.

Key planned Risk Management activities for 2020-21 are:

- a full refresh of the Corporate Risk Register. This will include incorporating the residual risks from the Brexit and Covid-19 risk registers.
- a mapping exercise of the Departmental and Divisional risk registers to the Corporate Risk register to ensure better understanding of the risk exposure across the Council.
- building on the Risk Management training offered in 2020/21, which will be extended to all staff including new starters, to further advance the understanding and practical application of the Risk Management Strategy.
- better utilisation of the Council's Risk Management software to provide improved reporting and management of risk registers.

Internal Audit Quality Assurance

External Assessment

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

Internal Assessment

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

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

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

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

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

Internal Audit Performance during 2020-21

The performance of the Internal Audit service has been measured during 2020-21 and is shown in the following table:

KPI/Quality Metric	Target	Actual
Audit plan to be delivered to draft report stage by 31 March	95%	98%
Days from end of fieldwork to issue of draft report	15 days	10 days
Days from receipt of management comments to issue of final report	10 days	5 days
Survey responses	80%	86%
Terms of reference reviewed and approved by the Head or Deputy Head of Internal Audit and Risk Management	100%	100%

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

Appendix 1: Detailed Analysis of 2020-21 Internal Audit Reviews

Cross Cutting

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Adult Social Care/Financial Assessments - Follow Up	In House	Complete	N/A – Management Letter	-	-	1	1	-
Contract Management Follow Up	In House	Complete	N/A – Follow Up	-	2	2	-	-
Insurance Request Process	In House	Complete	N/A – Management Letter	-	-	-	-	-
Remote Working - IT	PwC	Complete	N/A – Advisory	-	-	-	-	-
Schools Financial Monitoring	In House	Complete	Limited	-	1	4	-	-

Chief Executives

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Energetik		Deferred	N/A - Deferred	-	-	-	-	-
HGL - Lettings Agency	In House	Deferred	N/A - Deferred	-	-	-	-	-
HGL - Property Services Purchasing	PwC	Complete	Substantial	-	-	-	3	-
IR35 Follow Up	In House	Complete	N/A – Follow Up	-	1	4	-	-
Legal	In House	Complete	Limited	-	1	2	-	-
Mayors Accounts	In House	Complete	N/A – Management Letter	-	-	-	-	-
Members Ethics	In House	Deferred	N/A - Deferred	-	-	-	-	-
Organisational Development		Deferred	N/A - Deferred	-	-	-	-	-
Recruitment	In House	Complete	Limited	-	3	2	1	-

Resources

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Accounts Payable	PwC	Complete	Reasonable	-	-	3	1	-
Cloud Management - IT	PwC	Complete	Reasonable	-	-	2	3	-
Community Testing Grant Certification	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Consultants Payments Review	In House	Complete	N/A – Management Letter	-	-	-	-	-
Council Tax	PwC	Complete	Reasonable	-	-	1	4	-
Cyber Security - IT	PwC	Complete	Substantial	-	-	-	2	-
Digitalisation - IT	PwC	Deferred	N/A - Deferred	-	-	-	-	-
Enfield Stands Together – JustGiving	In House	Complete	N/A – Management Letter	-	-	-	-	-
General Ledger Follow Up	In House	Complete	N/A – Follow Up	-	4	1	-	-
IT Software Procurement	In House	Complete	N/A – Management Letter	-	-	-	-	-
Local Authority Test and Trace Service Support Grant	In House	Cancelled	N/A- Cancelled	-	-	-	-	-
National Non-Domestic Rates (NNDR)	PwC	Complete	Reasonable	-	-	2	3	-
Pre-paid and Purchase Cards	In House	Complete	Limited	-	1	3	-	-
Procurement Social Value		Deferred	N/A - Deferred	-	-	-	-	-
Supplier Resilience	PwC	Complete	Limited	-	1	3	-	-
Treasury Management	PwC	Complete	Limited	-	1	5	2	-
Web Content Accessibility Guidelines 2.1 (WAGC 2.1)	PwC	Deferred	N/A - Deferred	-	-	-	-	-

People

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Broomfield Secondary School	In House	Complete	Reasonable	-	-	5	11	2
Bush Hill Park Primary School	In House	Deferred	N/A - Deferred	-	-	-	-	-
Disproportionality in Out of Court Disposals	In House	Deferred	N/A - Deferred	-	-	-	-	-
Eclipse	PwC	Complete	Reasonable	-	-	2	3	-
Enfield County School for Girls - Grant Certification 2018/19	In House	Complete	N/A – Grant Certification	-	-	-	-	-
George Spicer Primary School	In House	Complete	Reasonable	-	-	8	7	5

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Hazelwood Schools	In House	Complete	Reasonable	-	-	4	14	1
Mental Health - AMHP Service	In House	Complete	Limited	-	-	4	3	-
Oaktree School	In House	Complete	Reasonable	-	-	1	6	2
St Anne's Catholic High School for Girls - Joint Procurement	In House	Complete	Reasonable	-	-	1	2	-
St Ignatius College	In House	Deferred	N/A - Deferred	-	-	-	-	-
St Ignatius College - Joint Procurement	In House	Complete	Substantial	-	-	-	-	-
St Paul's CE Primary School	In House	Deferred	N/A - Deferred	-	-	-	-	-
Starks Field Primary School	In House	Complete	Reasonable	-	-	7	6	4
Troubled Families Grant Claims - August	In House	Cancelled	N/A- Cancelled	-	-	-	-	-
Troubled Families Grant Claims - December	In House	Cancelled	N/A- Cancelled	-	-	-	-	-
Troubled Families Grant Claims - February	In House	Cancelled	N/A- Cancelled	-	-	-	-	-
Troubled Families Grant Claims - January	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Troubled Families Grant Claims - July	In House	Complete	N/A – Management Letter	-	-	-	-	-
Troubled Families Grant Claims - March	In House	Cancelled	N/A- Cancelled	-	-	-	-	-
Troubled Families Grant Claims - November	In House	Complete	N/A – Management Letter	-	-	-	-	-
Troubled Families Grant Claims - October	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Troubled Families Grant Claims - September	In House	Complete	N/A – Management Letter	-	-	-	-	-
Troubled Families Grant Claims - June	In House	Complete	N/A – Management Letter	-	-	-	-	-
Troubled Families Grant Claims - May	In House	Cancelled	N/A- Cancelled	-	-	-	-	-
Unregulated Placements	In House	Complete	Limited	-	-	5	2	2
West Grove Primary School	In House	Complete	Reasonable	-	-	1	10	1

Place

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
BEGIN Grant	In House	Complete	N/A – Grant Certification	-	-	-	-	-

Title	Audit Team	Audit Status Description	Assurance Level Description	Critical Risks	High Risks	Medium Risks	Low Risks	Advisory Risks
Bus Service Operators Grant (BSOG)	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Capital Works and Building Control	PwC	Deferred	N/A - Deferred	-	-	-	-	-
Cleaning Service	In House	Complete	Limited	-	3	3	3	-
Climate Change	PwC	Complete	N/A – Advisory	-	-	-	-	7
Community Infrastructure Levy (CIL) and Neighbourhood CIL	PwC	Deferred	N/A - Deferred	-	-	-	-	-
Emergency Active Travel Fund Grant	In House	Complete	N/A – Grant Certification	-	-	-	-	-
Housing Compliance - Safety Checks and Management of Lift Maintenance	PwC	Deferred	N/A - Deferred	-	-	-	-	-
Housing Repairs and Maintenance	In House	Deferred	N/A - Deferred	-	-	-	-	-
Local Transport Capital Funding Grant	In House	Cancelled	N/A- Cancelled	-	-	-	-	-
Meridian Water - HIF	In House	Complete	Substantial	-	-	-	2	-
Meridian Water - Procurement Strategy	PwC	Complete	Limited	-	-	5	-	-
Meridian Water – Contract Management		Deferred	N/A - Deferred	-	-	-	-	-
Planning Enforcement	PwC	Complete	No	-	5	5	-	-





Appendix 2: Changes to the 2020-21 Plan





The Council's Internal Audit Plan is flexible to ensure that the audit resource available is focused on the key risk areas. Therefore, reviews have been removed or added to the Plan during the year. The changes have not impacted on the level of assurance that has been obtained over key risks across the Council. The table below sets out the key changes to the 2020-21 Internal Audit Plan.

Area	Audit	Change	Explanation
Chief Executive's	Energetik	-1	Defer to 2021-22. Agreed at Assurance Board 6 th November 2020
Chief Executive's	Members' Ethics	-1	Defer to 2021-22. Agreed at Assurance Board 6 th November 2020
Cross Cutting	Procurement Social Value	-1	Defer to 2021-22. Agreed at Assurance Board 6 th November 2020
Cross Cutting	Organisational Development	-1	Defer to 2021-22. Agreed at Assurance Board 6 th November 2020
Cross Cutting	Insurance Request Process	+1	Management request
LATC	HGL – Lettings Agency	-1	Defer to 2021-22. Agreed at Assurance Board 6 th November 2020
Place	Capital Works and Building Control	-1	Agreed with management to defer to 2021-22. Interim assurance was presented to the Assurance Board during 2020-21
Place	Housing Compliance – Safety Checks and Management of Lift Maintenance	-1	Defer to 2021-22. Agreed at Assurance Board 6 th November 2020
Place	Meridian Water Contract Management	-1	Defer to 2021-22. Agreed at Assurance Board 6 th November 2020
Place	Housing Repairs and Maintenance	-1	Defer to 2021-22. Agreed at Assurance Board 6 th November 2020
Place	Local Transport Capital Funding	-1	No longer a requirement for the grant to be audited
Place	Community Infrastructure Levy	-1	Agreed with management to defer to 2021-22
Place	Planning Enforcement	+1	Management request
People	Disproportionality in Out of Court Disposals	-1	Defer to 2021-22. Agreed at Assurance Board 6 th November 2020
People	Troubled Families - 5 x monthly returns	-5	Agreed with management to merge months returns
Resources	Web Content Accessibility Guidelines 2.1 (WCAG 2.1)	-1	Defer to 2021-22. Agreed at Assurance Board 6 th November 2020
Resources	Digitalisation	-1	Defer to 2021-22. Agreed at Assurance Board 6 th November 2020
Resources	Local Authority Test and Trace Support Grant	-1	No longer a requirement for the grant to be audited
Resources	Community Testing Grant Certification	+1	Department of Health and Social Care Requirement
Resources	Enfield Stands Together	+1	Management request
Resources	Consultants Payments Review	+1	Management request

Area	Audit	Change	Explanation
Schools	St. Paul's CE Primary School	-1	Defer to 2021-22. Agreed at Assurance Board 6 th November 2020
Schools	St. Ignatius College	-1	Defer to 2021-22. Agreed at Assurance Board 6 th November 2020
Schools	Bush Hill Park Primary School	-1	Defer to 2021-22. Agreed at Assurance Board 6 th November 2020
Schools	Enfield County School for Girls – Schools Direct Grant Certification	+1	Department for Education requirement
	TOTAL	-17	

Appendix 3: Assurance Levels and Risk Ratings

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

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

Appendix 4: Limitations and responsibilities

Limitations inherent to the internal auditor's work

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

- **Opinion**

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

- **Internal control**

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

- **Future periods**

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

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

- **Responsibilities of management and internal auditors**

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

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

Appendix 5: Internal Audit Quality Assurance Improvement Plan

Standard	Compliance	Observations	Action	Target Date
Core Principles for the Professional Practice of Internal Auditing - Communicates Effectively	Conforms	<p>There is effective communication through regular attendance at, Departmental Management Team (DMT), Executive Management Team (EMT) meetings as well as Assurance Board and General Purposes Committee. All attendance is supported with comprehensive written progress reports. Communication is accurate, objective, clear, concise, constructive, complete and timely.</p> <p>However, a greater awareness of good controls, and the audit process more generally across the Council, may aid understanding and improve the working relationships during the audit process.</p>	Develop an Internal Audit Communications Plan to provide help and understanding around good controls and the audit process more generally.	30 June 2021
Core Principles for the Professional Practice of Internal Auditing - Is insightful, proactive, and future-focused?	Partial	Internal Audit works closely with audit clients to understand their service areas, the risks they face and any upcoming changes whether those be legislative or otherwise. As a result, we aim to make our findings insightful and forward thinking. Our scoping checklist includes questions and activities (such as carrying out	<p>As part of continuous improvement of the service, improve our terms of references and reporting to demonstrate how our audits add value, and are insightful and future focused.</p> <p>Attend relevant training and webinars and discuss issues at team meetings.</p>	<p>On-going</p> <p>31 July 2021</p>

Standard	Compliance	Observations	Action	Target Date
		independent research) to further these aims also. Our formal PSIAS review highlighted that this is an area we need to improve on, and we are working on this.		
Code of Ethics	Conforms	This is now a regular agenda item for team meetings.	As part of continuous improvement of the service, ensure team meeting discussions explore specific topics and debate potential examples to further improve knowledge and awareness	On-going
Standard 1200 – Proficiency	Conforms	<p>Internal auditors have professional qualifications or are qualified by experience. Where appropriate, auditors undertake continuous professional development in accordance with the requirements of their professional body.</p> <p>All auditors are encouraged to undertake training, attend external courses/webinars – e.g. CIPFA or CIIA - and network and training opportunities within the Cross Council Assurance Service, part of the PWC framework contract.</p> <p>Although auditors have a record of their own training and development requirements and discussions with line managers, we do not currently</p>	<p>Develop a training matrix to capture record of training undertaken and identify future development and training requirements.</p> <p>This will include a requirement for IT audit skills training.</p>	30 September 2021

Standard	Compliance	Observations	Action	Target Date
		hold a central record in order to identify individual and common training needs.		
Standard 1200 – Proficiency	Partial	The Chief Audit Executive has not completed the final steps to obtain her CIPFA qualification: it is a requirement that the CAE be professionally qualified.	Head of Internal Audit and Risk Management will complete the qualification as required.	30 September 2021
Standard 1300 – Quality Assurance and Improvement Programme	Partial	<p>The external review by CIPFA in 2019-20, identified some required improvements.</p> <p>The subsequent 2020-21 internal self-assessment confirmed that some of those improvements had been made, but this QAIP includes further actions required.</p>	<p>On-going monitoring to ensure continuous improvement within the service.</p> <p>Regular updates on progress of the improvement plan to be provided to General Purposes Committee.</p> <p>Annual self-assessment to be undertaken.</p>	<p>On going</p> <p>30 April 2022</p>
Standard 2000 – Managing the Internal Audit Activity	Partial	The Audit Handbook is the policy and procedures document for the delivery of audit activity. This is subject to review, but the 2021-22 review and update has not yet been undertaken.	The annual review and update of the Audit Handbook will be undertaken.	31 July 2021
Standard 2000 – Managing the Internal Audit Activity	Non-compliant	Currently there is no formal and central record of all forms of internal and external assurance provided across the Council.	In order to ensure proper coverage, minimise duplication and prioritise resources, an Assurance Map will be developed.	30 November 2021

Standard	Compliance	Observations	Action	Target Date
			This will be a live document that will attempt to capture all key areas of assurance, both internal and external, in order to better inform the audit plan for 2022-23.	
Standard 2200 – Engagement Planning	Conforms	<p>A terms of reference is developed for all audit engagements, covering keys risks of the area under review and how the audit will add value to the Council.</p> <p>The reports are discussed and agreed with the audit client to ensure they are factually correct, and the actions relevant and achievable.</p>	We will strive to include greater focus on the added value of audits and to provide creative and future focused solutions in our terms of reference, audit testing and reporting.	On going

Appendix 6: 2020/21 *No* and *Limited* Assurance Audits

Audit	Assurance	Detail
Planning Enforcements	No	<p>This review identified 5 <i>high</i> risk and 5 <i>medium</i> risk findings.</p> <p>The following <i>high</i> risks findings were identified:</p> <ul style="list-style-type: none"> • Out-of-date policies – the Planning Enforcement policy is dated 2005. An updated policy was drafted in 2015 and went through public consultation but is still awaiting final approval. • Senior officer escalation and service oversight - there is no clear process to escalate issues to senior management and the management information provided to senior management could be improved to provide more information on service performance. • iDoX system limitations – The iDoX system (used to log and track cases) does not have a number of functionalities to enable efficient processing for example: mandatory fields, reminders or full audit trails. • Complaints processes – testing exceptions – We tested 5 complaints and noted several instances regarding the timeliness of processing and incomplete audit trails. • Operational service monitoring – The team do not extract information on case progression from iDoX to inform team meetings and there are no operational objectives or KPIs set around processing targets. At the time of fieldwork, 456 of 671 planning enforcement cases remain open on the system (68%). <p>The following <i>medium</i> risk findings were identified:</p> <ul style="list-style-type: none"> • Incomplete procedure notes – The Council’s flowcharts for pre and post-enforcement action require updating to reflect the current process and provide additional guidance on key communication points.

Audit	Assurance	Detail
		<ul style="list-style-type: none"> • Complaints process – Policy and procedures require an update to ensure they are consistent, sufficiently cover roles and responsibilities and flag key processing timelines. • Cases – testing exceptions – Our testing of a sample of 25 cases identified several issues with the retention of evidence. • Cases on hold – There are 87 cases (13%) which have been put ‘on hold’ due to COVID-19 restrictions. However, the Council has not informed complainants that their case that is not currently being actioned. • Out-of-date website details - An incorrect email address is included on the Planning Enforcement section of the website; the Council should also consider including other publicly available documents here to clarify the Council’s policies and procedures.
Recruitment	Limited	<p>This review identified three <i>high</i> risk, two <i>medium</i> risk and one <i>low</i> finding.</p> <p>The following <i>high risk</i> findings were identified:</p> <ul style="list-style-type: none"> • The Transfer of Undertakings (Protection of Employment) (TUPE) of over 100 cleaning staff from Enfield Norse into the Council took place on 1 April 2020. However, to date, HR has not completed all required pre-employment checks. This includes four DBS and vetting checks and five right to work in the UK checks. • The maintenance contract for the Council’s recruitment application, i-Grasp, expires on 31 March 2021 and after this date, no support will be available. At the time of the audit, a decision on a replacement system had not been taken. • Currently no monitoring and reporting on strategic and operational service delivery is carried out. Although the recruitment policy outlines a number of deadlines that must be met, these are not being monitored as i-Grasp is unable to produce fit for purpose management information reports.

Audit	Assurance	Detail
		<p>The following <i>medium risk</i> findings were identified:</p> <ul style="list-style-type: none"> • No independent checks are carried out by the Recruitment Team to confirm that officers who sit on recruitment panels have completed the mandatory training within the last three years, in accordance with the recruitment policy. Also, we noted in some instances that short list reports, interview notes and issuing of employment contracts before employee's start date did not always take place as part of the selection stage and pre-employment checks. • There is no guidance in the apprentice policy to confirm which pre-employment checks (including references) are to be carried out. <p>One <i>low risk</i> finding was also identified.</p>
Legal	Limited	<p>This review identified one <i>high risk</i>, two <i>medium risk</i> and three <i>low risk</i> findings resulting in an overall <i>Limited</i> assurance opinion.</p> <p>The following <i>high risk</i> finding was identified:</p> <ul style="list-style-type: none"> • During testing, eight of 15 contracts requested could not be found. Of these, six of 10 were sealed contracts and two of five were contracts valued over the EU threshold. Also, Legal Services does not hold a complete register of all live sealed contracts and agreements or signed contracts with a value in excess of the EU threshold. <p>The following <i>medium risk</i> findings were identified:</p> <ul style="list-style-type: none"> • Legal Services does not maintain a record of its authorised e-payment requesters. We were unable to determine whether the authority to request e-payments had been removed from individuals who no longer have this responsibility following the procedural changes that took effect in February 2021.

Audit	Assurance	Detail
		<ul style="list-style-type: none"> There are inconsistencies between the Council's Constitution (Part 4) and the Council's Procurement Manual in relation to Legal Services' involvement in the procurement process for contracts over the EU threshold and in relation to the value of contracts that require to be formally sealed. <p>A further <i>three low</i> risk findings were also identified.</p>
Schools' Financial Monitoring	Limited	<p>This review identified 1 <i>high</i> risk and 4 <i>medium</i> risk findings.</p> <p>The following <i>high-risk</i> finding was identified:</p> <ul style="list-style-type: none"> The Finance Manual for Schools, which provides detailed guidance to enable schools to comply with the Scheme for Financing Schools, has not been updated since 2013. Given the changes to Department of Education requirements and the substantial technological, business and Council changes during this period, schools following the Finance Manual for School will not necessarily be managing their finances in the most effective and efficient way. <p>The following <i>medium risk</i> findings were identified:</p> <ul style="list-style-type: none"> The absence of a comprehensive training programme, coupled with poor attendance at those training courses which are provided, is resulting in Governors, Headteachers, School Business Manager and Finance Staff (particularly those new in post) lacking the necessary finance skills, knowledge and expertise to manage schools' finances. This is based on findings identified during individual school audits. There is no overarching process to address common audit findings arising from Internal Audit reports. A lack of centralised scrutiny and challenge of quarterly returns submitted to the Council by schools.

Audit	Assurance	Detail
		<ul style="list-style-type: none"> An informally documented deficit management process. Without a clearly defined and documented process, shared with schools, the Council is unable to appropriately challenge and support School's to achieve a sustainable balanced financial position over an agreed period of time.
Meridian Water Procurement Strategy	Limited	<p>This review identified 5 <i>medium</i> risk findings.</p> <p>The following <i>medium risk</i> findings were identified:</p> <ul style="list-style-type: none"> Contract Management – There are incomplete and inconsistent records on the London Tenders Portal ('LTP'). Monitoring and Oversight – The procurement trackers provided did not cover all procurements in our sample and were largely incomplete with blank columns and missing commentary. Due Diligence Checks – Due Diligence checks are limited to credit checks on potential suppliers at the procurement phase; there are no ongoing due diligence checks (financial or reputational) over the course of the contract. Programme Board Terms of Reference (ToRs) – We reviewed the ToRs across the 8 Programme Boards and noted that their templates were not standardised leading to content inconsistencies; wording was unclear in the overarching Programme Board ToR; and in 2 of 8 (25%) cases the meeting frequency differed to that specified on the governance chart provided. Policies and procedures – 3 of 5 (60%) procurements tested contained steps that were not outlined within the CPRs or Procurement Manual.
Cleaning Service	Limited	<p>This review identified three <i>high</i>, three <i>medium</i> and three <i>low</i> risk findings, resulting in a <i>Limited</i> assurance opinion.</p> <p>The following <i>high risk</i> findings were identified:</p>

Audit	Assurance	Detail
		<ul style="list-style-type: none"> • Inspections to ensure that service performance indicators are being met are not being carried out. • There is no time tracking software or reliable method of tracking staff attendance. • The lack of a reliable method of tracking staff attendance leads to a risk of sickness or other absences not being fully identified. Interviews and meetings required by the Council's absence and attendance policies are not being fully completed and documented. <p>The following <i>medium risk</i> findings were identified:</p> <ul style="list-style-type: none"> • Performance reviews and one to one meetings have not yet been embedded in the service; training undertaken is not fully documented. • Testing identified that six right to work checks, two vetting checks and two DBS checks are still outstanding for the staff TUPed from Enfield Norse. • Administration of leavers, including notifying Payroll and FM so that salaries can be stopped and entry cards deactivated, is not always taking place promptly. <p>A further three <i>low risk</i> findings were identified.</p>
Mental Health – AMHP Service	Limited	<p>This review identified four <i>medium</i> risk and three <i>low</i> risk findings.</p> <p>The following <i>medium risk</i> findings were identified:</p> <ul style="list-style-type: none"> • Although data sharing agreements were found to be in place, we were unable to determine whether they were compatible with the arrangements outlined in the Enfield Strategic Partnership information sharing protocol. This specific protocol was referred to in an out of date Section 75 Agreement, signed in 2016, to enable to AMHP Service to share confidential information with other agencies securely. • The absence of an up to date, complete and consistent AMHP Service 'Practice Procedures and Guidance Protocol' manual.

Audit	Assurance	Detail
		<ul style="list-style-type: none"> Improvements are required to the approval and re-approval processes, including ensuring a formal record is held to evidence panel decision making. Referral records that are maintained do not evidence that the statutory requirement for acknowledging referrals within four hours is being met and there is inconsistency in how the reading of patients' rights is recorded. <p>A further three <i>low</i> risk findings were identified.</p>
Unregulated Placements	Limited	<p>This review identified five <i>medium</i> risk and two <i>low</i> risk findings. Two advisory items for management attention were also identified.</p> <p>The following <i>medium</i> risk findings were identified:</p> <ul style="list-style-type: none"> There are no overarching integrated policies and procedures covering all the activities of the Access to Resources Integrated Service (ARIS) The process for the approval of different categories of placement (Planned, Emergency, Over 18s, Out of Borough) is not clearly indicated and approvals are not always logged appropriately The contract framework agreement expired on 31 December 2019 and the retender for new providers is not expected to be completed until September 2020 We were unable to identify procedures for procurement of alternative providers if no framework providers are prepared to make an offer, nor did we identify guidance on the required intervals at which providers should be monitored. We found that provider references and monitoring were not always logged Where new providers must be found in an emergency, they may not immediately confirm that staff have undergone enhanced DBS checks <p>Our <i>low</i> risk findings were:</p> <ul style="list-style-type: none"> There is no central record of Over 18s in unregulated placements

Audit	Assurance	Detail
		<ul style="list-style-type: none"> The guidelines relating to timescales for completing annual quality check reports are unclear
Pre-paid and Purchase Cards	Limited	<p>This review identified one <i>high</i> risk and three <i>medium</i> risk findings.</p> <p>The following <i>high risk</i> finding was identified:</p> <ul style="list-style-type: none"> The remedial options available to Exchequer Services regarding non-compliance with the P Card policy are limited. For the period under review (June 2019 to November 2020), we found that £2.5m (73%) spend on P Cards was not approved by the budget holder and just under half of all spend (42% of transactions) was not supported by a receipt, of which 15% related to VAT-able spend. This trend continued in January 2021 with 81% of P Card transactions not being authorised. Exchequer Services informed us that approvers who have not authorised their transactions are identified in monthly reports and are contacted regarding this. However, this information should also be escalated to senior management so that appropriate management actions can be taken. <p>The following <i>medium risk</i> findings were identified:</p> <ul style="list-style-type: none"> 458 Pre-Paid Cards had been issued but not activated (i.e. they were not being used). These held a total balance of £134k. 100 of these cards (with a total nil balance) were allocated to the Emergency Response Team and are held in case of emergency, therefore we note that there would not necessarily be usage of this category of card. We found 35 cards with a total balance of £52k that had been in issue for over six months but not activated. Whilst this in part may be explained by the lack of spending during lockdown, there may also be card holders who no longer require funding assistance due to a change in care needs, which has not been identified. This presents a risk that these funds could be misused.

Audit	Assurance	Detail
		<ul style="list-style-type: none"> • Third-party agents who sign Direct Payment Agreements are not bound by the same terms and conditions as personal budget recipients. This exposes the Council to the risk of misuse and not being able to recover misused funds, if misuse were to occur. • Spend on Pre-Paid card with all-purpose companies, such as Amazon and supermarkets, is not routinely evidenced in order to ensure that spend is in accordance with the agreed care plans.
Supplier Resilience	Limited	<p>This review identified <i>1 high</i> risk and <i>3 medium</i> risk findings:</p> <p>The high risk finding is:</p> <ul style="list-style-type: none"> • Ongoing monitoring of suppliers and due diligence checks – We issued questionnaires for 12 different contracts. Of the 10 received back, we found there is a lack of understanding and inconsistency on due diligence checks performed and on-going monitoring of suppliers. <p>The medium risk findings are as follows:</p> <ul style="list-style-type: none"> • Oversight of the supplier resilience exercise - We would expect the P&C Hub to monitor the supplier resilience assessments completed by the Contract Managers and challenge these appropriately to ensure they have been done to consistent standard. However, from a review of the centralised spreadsheet where assessment outcomes are recorded, many assessments are incomplete and there is a lack of oversight and challenge. • Procedural guidance for resilience exercise – The guidance documents do not cover all processes which is leading to inconsistencies. • Documentation of assessments and supporting evidence – 12 supplier assessments were requested for testing however we found several instances where information provided was incomplete.

Audit	Assurance	Detail
Treasury Management	Limited	<p>This review identified 1 <i>high</i> risk, 5 <i>medium</i> risk and 2 <i>low</i> risk findings.</p> <p>The following <i>high risk</i> finding was identified:</p> <ul style="list-style-type: none"> • CHAPS and BACS Process – Although controls are in place to ensure there is independent review and approval of payments, there is still scope to tighten up the approvals process. <p>The following <i>medium risk</i> findings were identified:</p> <ul style="list-style-type: none"> • Lack of Independence Forms – Secondary Employment and Business Interests declarations are not completed by officers in the Treasury Management team. • Incomplete Daily Cash Flow Forecasting Sheets – The Finance Manager's signature was missing on nine out of a sample of 20 (45%) of the daily cashflow forecasting sheets. • A Lack of Evidence Showing Monitoring of the Team's Performance – There is a lack of evidence of discussions around performance and key performance indicators (KPIs) within the team. • Incomplete Policies and Procedures – The Treasury Management Practices are not reviewed and approved annually and there is no clear structural chart defining roles and responsibilities of all officers involved in the Treasury Management function. • Borrowing Oversight – The Treasury Management team facilitates borrowing on behalf of other Departments and trading companies including tracking when the sum has been deposited into HSBC and monitoring repayments. The team is not involved at the initial stages of the borrowing process, including the application for the loan. <p>The following <i>low risk</i> findings were identified:</p> <ul style="list-style-type: none"> • Incomplete Review of User Access – Every six months, user access on

Audit	Assurance	Detail
		<p>HSBC is reviewed. We noted from September 2020, five out of eight (63%) users in our sample requesting access were not added to the system timely with three out of eight (37.5%) of users requesting access being added to the system in November 2020 and two out of eight (25%) having not been added to HSBC as of December 2020.</p> <ul style="list-style-type: none"> • No Review of Broker's List – There was no evidence of an approved list of the brokers the Council should use.