

London Borough of Enfield

General Purposes Committee

4 August 2021

Subject: CIPFA independent review of General Purposes Committee against the CIPFA Practical Guidance for Audit Committees

Cabinet Member: Cllr Mary Maguire

Executive Director: Fay Hammond, Executive Director, Resources

Key Decision: N/A

Purpose of Report

1. In 2018, CIPFA produced practical guidance for Audit Committees, at this time this guidance was distributed, and the Committee members were invited to an induction session which reviewed this new guide. The purpose of this report is to inform the Committee that CIPFA has been asked to undertake an independent review of General Purposes Committee. This review will also provide evidence to support the Annual Governance Statement, CIPFA Financial Management and the External Auditors Value for Money annual audit letter which also examines governance.

Proposal(s)

2. Recommended that General Purposes Committee:
3. Note that, in response to a discussion with the Chair following the GPC meeting on 30th June, CIPFA has now been engaged to undertake a review of the Committee against the CIPFA Audit Committee Good Practice Guide, the outcome of this review will be subsequently reported to the Committee.

Reason for Proposal(s)

4. In 2018, CIPFA produced practical guidance for Audit Committees, at this time this guidance was distributed, and the Committee members were invited to an induction session which reviewed this new guide. The purpose of this report is to inform the Committee that CIPFA has been engaged to review the General Purposes Committee against practical guidance set out in this document. This review will also provide evidence to support the Annual Governance Statement, CIPFA Financial Management and the External Auditors Value for Money annual audit letter which also examines governance.

Relevance to the Council Plan

5. The Council Plan is underpinned by a number of cross-cutting themes, financial resilience and good governance, this review will provide assurances

of the effectiveness of the Council's governance framework. Further effective governance, risk management and financial resilience contributes to the ability of the Council to deliver the aims of the Corporate Plan increases.

Background

6. The Audit Committee function is carried out by the General Purposes Committee in Enfield and is a key component of good governance. The Committee are an important source of assurance about the Council arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance. They have a statutory role to receive and agree the Statement of Accounts, in addition it is best practice for the Committee to consider the Treasury Strategy before this is agreed by Council annually. An essential role of the Committee is to oversee internal audit.
7. The Council commissioned an external reviewer from CIPFA to carry out a review against the Public Sector Internal Audit Standards (PSIAS) in 2020, with the outcome reported in full to the 23 July 2020 GPC meeting. The purpose of the review was to conduct a detailed examination of the documents used by internal audit, a review of a sample of audit working papers and reports and interviews with the members of the team, audit clients, members of Enfield's senior management team, external audit (BDO) and the Chair and Vice Chair of the Audit and Risk Committee.
8. The PSIAS review focussed on the Internal Audit function, but also examined how Internal Audit interacts with the General Purposes Committee. The review did not identify any areas of non-compliance with the Standards that would affect Internal Audit's ability to operate, but identified a number of areas of partial compliance with the PSIAS and Local Government Application Note (LGAN) and some areas where conformance with the Standards could be enhanced.
9. Internal Audit developed a Quality Assurance Improvement Plan (QAIP) from this review, progress on which was reported to the 30 June 2021 GPC meeting, with all actions either completed or in progress.
10. Following the feedback at the 30th June General Purposes Committee regarding the absence of a private meeting between the Audit Committee and the External Audit, a wider review of the Audit Committee has been commissioned by the Section 151 Officer, following discussions with the Chair of the General Purposes Committee.

Main Considerations for the Council

11. The CIPFA guide explains: "Where it operates effectively, an audit committee adds value to its authority by supporting improvement across a range of objectives. To achieve wide-ranging influence, an audit committee will need commitment and energy from the membership together with support and openness from the authority. The principal areas where the committee can influence and add value are:

- promoting the principles of good governance and their application to decision making
- raising awareness of the need for sound internal control and contributing to the development of an effective control environment
- supporting arrangements for the governance of risk and for effective arrangements to manage risks
- advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively
- reinforcing the objectivity, importance and independence of internal audit and external audit and therefore the effectiveness of the audit functions
- aiding the achievement of the authority's goals and objectives through helping ensure appropriate governance, risk, control and assurance arrangements
- supporting the development of robust arrangements for ensuring value for money
- helping the authority to implement the values of ethical governance, including effective arrangements for countering risks of fraud and corruption
- promoting measures to improve transparency and accountability and effective public reporting to the authority's stakeholders and the local community.

12. The CIPFA Audit Committee guide covers: core functions of an Audit Committee, possible wider functions, Independence and Accountability, Membership and Effectiveness. Note this guide is attached as an Annex to this report. CIPFA review will be using this document as a basis for undertaking the review. This will involve interviews with key stakeholder i.e. Committee members and relevant officers, a review of agendas and papers and observing the General Purposes Committee in operation. The report will then be shared with the Committee Chair and members together with any proposed areas for improvements.

Safeguarding Implications

13. There are no safeguarding implications.

Public Health Implications

14. There are no particular public health implications to the report.

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

16. There are no considerations arising from the proposal.

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

17. There are no considerations arising from the proposal.

Financial Implications

18. The cost of this review is anticipated to cost *up to* £12,000 which will be funded from the Corporate budget.

Legal Implications

19. There are no considerations arising from the proposal.

Workforce Implications

20. There are no considerations arising from the proposal.

Property Implications

21. There are no considerations arising from the proposal.

Other Implications

22. There are no considerations arising from the proposal.

Options Considered

23. There are no considerations arising from the proposal.

Conclusions

24. The Committee is asked to note that CIPFA has been engaged to undertake a review of the General Purposes Committee aligned with their Practical Guidance issued in 2018.

Report Author: Fay Hammond
Executive Director Resources

22 July 2021

Appendices

CIPFA Guidance for Audit Committees