

ANNUAL GOVERNANCE STATEMENT 2021/22

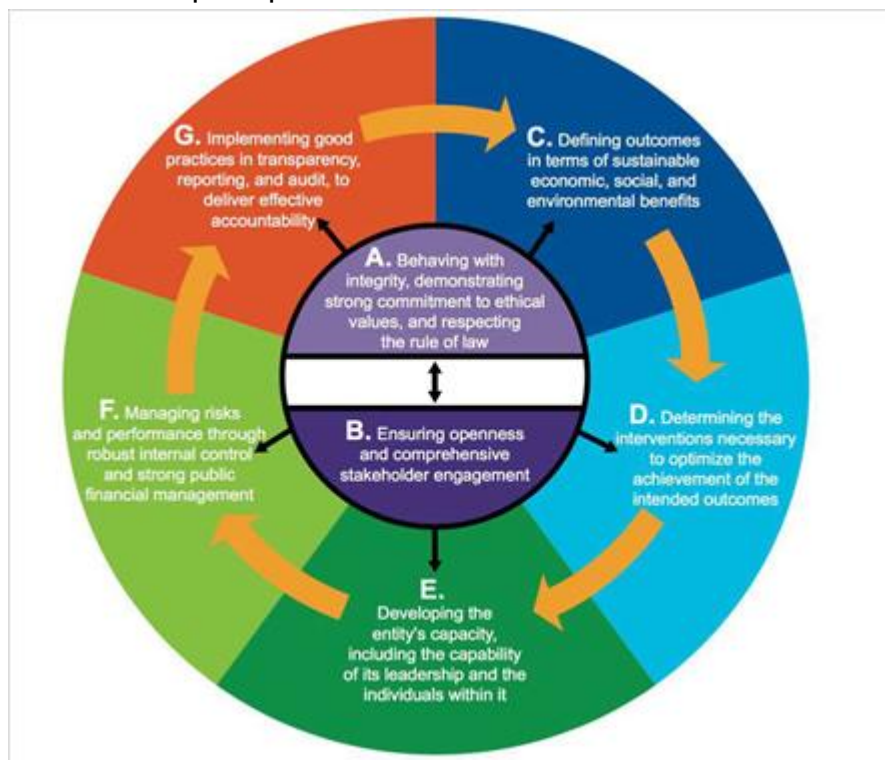
INTRODUCTION AND ACKNOWLEDGEMENT OF RESPONSIBILITY

Enfield Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Accounts and Audit (England) Regulations 2015 require the Council to prepare an Annual Governance Statement.

THE PRINCIPLES OF GOOD GOVERNANCE

The CIPFA/SoLACE Delivering Good Governance ¹publication (2016) defines the principles of good governance in the public sector. The document sets out the core and sub principles that underpin the good governance framework, explains how the Council's governance arrangements operated in practice during 2021/22, and demonstrates how the CIPFA/SOLACE Framework has been applied. The CIPFA/SoLACE core principles are:



KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE ARRANGEMENTS

¹ <https://www.london.gov.uk/moderngovopdc/documents/s58145/Item%206b-%20Appendix%20A%20CIPFA%20Delivering%20Good%20Governance%20in%20Local%20Government%20Framework.pdf>

The governance framework is incorporated into this Annual Governance Statement for the year ending 31 March 2022 and is up to the date of the approval for the statement of accounts.

Overview of the Council's governance framework

The Council's framework enacts the CIPFA/SoLACE criteria via the following arrangements.

A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Ethical values, integrity and legislative oversight are crystallised with the Council's Constitution. The Constitution was most recently reviewed during 2019-20 by the Monitoring Officer to ensure it remains in accordance with all developments in these areas; such reviews are periodically undertaken. The requirements of the Constitution are monitored at departmental level, and the scheme of delegation determined by the Constitution ensures clear demarcation of responsibility and authority, to ensure there is adequate oversight of operational compliance with its requirements.

The Council has reviewed and enhanced its induction process for new Councillors following election, to ensure effective understanding of the requirements of the Constitution and the standards expected by residents of the borough.

The Council further has specific resource dedicated to ensuring it meets statutory duties, both in service delivery and in effective enactment of legislation such as Freedom of Information and co-operation with Ombudsman enquiries.

The Council's Code of Conduct determines the standards required of officers, and the human resources framework further solidifies these into expected behaviours monitored through Performance Development Review.

B – Ensuring openness and comprehensive stakeholder engagement

The Council believes in transparency and seeks to make information public wherever possible. A comprehensive publication scheme is kept up to date via the Council's website. A petition scheme is also available via the website to enable residents to make representations to the Council directly.

Stakeholder engagement is widely promoted prior to any decision-making, and the Council's format of reports includes a number of sections designed to ensure that all appropriate issues have been considered and all stakeholders consulted. The format was most recently updated in 2020-21. Examples of stakeholder engagement during 2021-22 include the Local Plan and the Blue and Green Strategy.

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

Defining outcomes

The Enfield Council Plan sets out the vision for delivering a lifetime of opportunities for everyone in Enfield. The Plan sets out the scale of our ongoing ambition to improve outcomes for everyone, in the context of huge financial challenges for local people, local businesses and organisations and local government.

During 2021-22, the Council drafted a new Local Plan for consultation, reflecting development in the borough's needs and prioritising the Council's desired outcomes for residents.

The finance strategy is key to the delivery of the Council Plan and outcomes with significant work undertaken to increase the focus on longer term planning. T

Sustainable Economic, Social and Environmental Benefits

Enfield declared a climate emergency in the Summer of 2019 and implemented a Climate Action Plan which commits Enfield to becoming a carbon neutral organisation by 2030 and a carbon neutral borough by 2040.

The Sustainable and Ethical Procurement Strategy was agreed at Cabinet in February 2022 this and is underpinned by four core principles: social value, ethical procurement, supporting the local economy and local employment, and climate action.

The Council's internal processes promote the focus on outcomes in terms of sustainable economic, social and environmental benefits, including:

- The Council's business case templates incorporate these elements of outcomes, as do procurement bid assessment tools, in alignment with the Council's governing financial strategies and policies. Reporting on potential expenditure or investment includes dedicated sections highlighting social, financial and environmental implications, ensuring that these aspects are captured in every report.
- The approach to business case formation is being reviewed based on the HM Treasury better business case approach, with training sessions delivered to officers in June 2022
- Performance management of day-to-day services covers both financial performance via budget and service delivery, measuring social outcomes for the community, across a comprehensive framework covering all of the Council's operations.

D – Developing the interventions necessary to optimise the achievement of the intended outcomes

The Council operates a network of Boards across its operations, including senior management membership. These Boards draw authority from the central Executive Management Team and monitor the delivery of projects and services across the Council including the achievement of expected outcomes, or agreement of action plans were required to ensure outcomes continue to be delivered. The network is currently undergoing mapping and review to ensure efficiency in operations and that work is not duplicated.

The Council reports quarterly to Cabinet on the Corporate Performance Scorecard that reflects the Council priorities as outlined in the Council Plan. The scorecard has been developed to demonstrate progress towards achieving the Council's aims and key priorities as set out in the Council Business Plan. The report is a management tool that supports Council directorates and the Executive Management Team (EMT) in scrutinising, challenging and monitoring progress towards achieving the Council's aims.

The Council may also commission from time to time external review of particular risk areas, to develop efficient and effective service delivery and future proof against rising costs or high investment need.

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

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

Staff networks also support the development and capabilities of staff through regular seminars, workshops and learning. A series of leadership and culture workshops and our existing organisational development courses continue to support staff development.

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

Managing risks and performance through robust internal control

The Council's Risk Management Strategy governs the corporate approach to risk management. It is supported by a comprehensive Performance Management Framework, and an annual Internal Audit Plan seeking to address areas of key risk on the Corporate Risk Register.

The Audit Committee function is carried out by the General Purposes Committee (GPC) in Enfield and is a key component of good governance. The Committee are an important source of assurance about the Council arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance.

In 2021-22, the Council commissioned CIPFA to undertake an independent review of the General Purposes Committee against the CIPFA Audit Committee Good Practice Guide. The review provided assurance on the operation and effectiveness of the GPC with CIPFA confirming that the operation of the General Purposes Committee in the London Borough of Enfield, on balance, works well and to the satisfaction of its members and to officers who support the committee. An action plan is in place in 2022-23 to implement the recommendations from the review.

Strong public financial management

Financially the Council operates planning through its Medium-Term Financial Plan and Capital Programme, with associate Treasury Management Strategy. The operational expenditure is governed by the Contracts Procedure Rules within the Constitution, and the Scheme of Delegation determines the appropriate authority required for different levels of expenditure, ensuring that appropriate oversight of spend is delivered in alignment with the Council's risk appetite.

A number of improvements were made in 2021-22 to further strengthen financial management arrangements, including:

- Creating a second Director of Finance post to strengthen the finance structure to reflect the Council's ambitious Capital Programmes, Regeneration, Housing Programme and Treasury Strategy
- Successfully recruiting to several key posts within the finance and procurement teams
- Undertaking an initial light touch review of the CIPFA Financial Management Code standards to identify any potential areas of improvement requiring further actions
- Setting up a Finance Continuous Improvement Board, which now meets monthly to focus on driving through the improvements
- Progressed capital improvements including the establishing the Capital Finance Board and Development and Investment Financial Framework (DIFF)

CIPFA were commissioned to independently review the Council's financial management arrangements across the organisation using the CIPFA Financial Management (FM) Model in 2021-22. The review considers arrangements in view of the incremental styles of financial management and is structured around the three styles of financial management; delivering accountability, supporting performance and enabling transformation. The CIPFA FM Model is also organised by four management dimensions. The dimensions are: Leadership, People, Processes, Stakeholders.

A report was provided to the March 2022 Finance and Performance Scrutiny Panel providing an update on financial management arrangements and emerging findings from the review. The final outcome of the review concluded an overall score of 3 out of 5. The review will inform our ongoing internal improvement programme, incorporating feedback from the wider organisation and best practice.

Financial resilience and sustainability

The Council continues to make financial sustainability and resilience a key area of focus, with significant work undertaken in previous years to create a robust and sustainable budget to put the Council in a strong position to manage the challenges ahead. Improvements include:

- Increased focus on longer term financial planning, with a five-year Medium Term Financial Plan and ten-year Capital Strategy and Treasury Strategy in place

- Increased focus on capital financing and regular assessment of interest rate risk
- Detailed review of the use of reserves including a five year plan for reserves
- Introduction of additional internal financial governance and challenge arrangements, including
 - Pressures Challenge Board
 - Capital Finance Board
 - Weekly Executive Management Team budget meetings
 - Assurance Board
 - Finance Continuous Improvement Board

Regular consideration of Public Interest reports, new CIPFA guidance and assessment of lessons learnt as applicable for Enfield continue to take place.

Financial sustainability and resilience remain a key area of focus for the General Purposes Committee, which is considered by the committee annually, most recently in January 2022.

Financial resilience risks, existing risk mitigations and further planned actions are included in the Corporate Risk Register.

G – Implementing effective practices in transparency, reporting, and audit, to deliver effective accountability

The Council's transparency requirements for decision-making is determined within the Constitution, and these processes are enacted and monitored by the Council's Governance team. The format of reports is according to a standard template ensuring that the same quality of consideration is afforded all decisions, and comparable information available on all decisions.

The Council operates an annual Internal Audit Plan, which is approved by the General Purposes Committee. The Internal Audit Plan focuses on key areas of risk primarily identified in the Corporate Risk Register. In line with the Public Sector Internal Audit Standards (PSIAS), progress against the Internal Audit Plan and audit outcomes are reported regularly through the year to the General Purposes Committee. The Head of Internal Audit and Risk Management also delivers an annual internal audit opinion.

Dedicated resource and arrangements are in place to deliver the Council's statutory transparency and accountability roles within the Freedom of Information and Data Protection Acts, and to ensure full co-operation with all investigations by the Information Commissioner, Local Government & Social Care Ombudsman, and Housing Ombudsman.

The following are the key elements of the governance structures and processes in place:

1. Cabinet and Leader
 - Provides political leadership;

- A key role in delivering the council's services, proposing the budget, and promoting the Council's aims and strategic priorities;
- Cabinet provides transparent and accountable political leadership. It considers the business detail involved in delivering the Council's corporate priorities.

2. Scrutiny

- Scrutiny reviews the Council policy and has the power to challenge decisions;
- The Overview and Scrutiny Committee and its Scrutiny Panels scrutinise decisions made by the Cabinet, and those delegated to officers, and reviews services provided by the Council;
- General Purposes Committee review governance and promote high standards of conduct by councillors.

3. Decision Making

- All decisions are made in compliance with the law and the Council's Constitution;
- Formal meetings of the council are held in public;
- Decisions are published on the Council website.

4. Risk Management

- The [Risk Management Strategy](#) ensures proper management of risks and sets out how threats and opportunities faced in the delivery of the Council's objectives are managed;
- Risk registers identify both strategic and operational risks. Identified risks are scored according to likelihood and impact, and a traffic light system has been adopted to monitor the effectiveness of mitigating actions agreed. Strategic risks are reviewed by senior management and by elected members prior to and at the General Purposes Committee on a regular basis.

5. Executive Management Team

- The Head of Paid Service is the Chief Executive and is responsible for all council staff and leading an effective Executive Management Team;
- The Executive Director of Resources is the Council's Section 151 Officer and is responsible for safeguarding the Council's financial position and ensuring value for money;
- The Director of Law and Governance is the Council's Monitoring Officer who is responsible for ensuring legality and promoting high standards of conduct in public life.

6. Council

- Council is responsible for approving the budget, agreeing policies, making constitutional decisions and deciding local legislation. Council elects the Leader for a term of four years, and the Leader appoints a cabinet of up to ten councillors (including him/herself), each holding a special portfolio of responsibility.
- The Council's Constitution is updated where necessary throughout the year and sets out how the Council operates. It states what matters are reserved for decision by the whole council, the responsibilities of the cabinet and the matters reserved for collective and individual decision, and the powers delegated to panels and committees.
- The overall budget of the Council is set by the Council and all decisions are made within this framework. The council's goals are developed alongside the budget. Progress is reviewed by the Leader, lead Cabinet Member for Finance and Procurement, and respective cabinet members. The Council also monitors its performance through feedback from its residents and service users.

Value for Money Statement

In making decisions, allocating resources and planning service delivery, the Council ensures value for money arrangements are put in place and that its services are delivered in an economical, efficient, effective and equitable way.

The Council promotes the economy, efficiency, effectiveness and equality of its services through its high-level governance and management arrangements including:

- A clear governance structure is in place, as well as well defined roles for the leadership team
- The leadership team take collective responsibility for financial management arrangements with weekly Executive Management Team budget meetings weekly to focusing on financial management and value for money
- Activities and decisions are subject to appropriate scrutiny, a key role for the leadership team and the General Purposes Committee, who carry out the role of the Audit and Risk committee function
- Audit arrangements including internal and external audit arrangements
- Clear objectives and strategy based on local need outlined in the Enfield Council Plan 2020-22, setting out the vision for delivering a lifetime of opportunities for everyone in Enfield and overarching ambitions and cross cutting themes
- Effective service and financial planning with an approved annual budget, Five Year Medium Term Financial Strategy, Capital Strategy and Ten Year Capital Programme and Ten Year Treasury Management Strategy in place. These long term financial strategies are key to the delivery of the Council Plan and financial resilience

To ensure value for money is achieved, the Council has in place robust arrangements to support its decision making; commitment of expenditure, oversight of contracts and its risk management arrangements including:

- Financial regulations which form part of the Council's Constitution, setting out how the Council manages its financial arrangements
- The Council's Contract Standing Order requirements, which form part of the Council's Constitution, which set out the Council's procurement requirements to ensure that contracts are entered in a compliant manner and deliver value for money
- The Procurement Team has been restructured to include Category Managers and strengthen the contract management teams, thereby significantly increasing the Council's capacity. Ensuring that effective arrangements are in place for contract management and procurement processes are delivering value for money. Annually General Purposes receives a report regarding procurement performance.
- Risks and existing risk mitigations and further planned actions are included in the Corporate Risk Register.
- Culture and leadership is a key part of ensuring value for money. CIPFA review identified high-level strengths in the Finance leadership across the Council. This has recently been strengthened with the recruitment of two new and experienced Finance Directors; one focussed on commercial and capital programmes, given Enfield's ambitious regeneration plans, the other will focus on statement of accounts and medium term financial plan.

The Council monitor and assess the extent to which its services represent value for money and the effectiveness of its service regularly. Examples of this in 2021/22 include:

- Benchmarking of total costs and income with London Boroughs, the financial impact of covid19. In addition, benchmarking services costs and performance with similar local authorities is used as a tool to inform budget setting.
- CIPFA FM review was undertaken measuring the effectiveness of the finance team and the wider organisation's financial management.
- Quarterly performance information reported to Cabinet includes specific action plans for services which are not meeting the agreed targets.

Equality

- Equality impact assessments
- Engagement with service users
- Engagement with the voluntary sector

GOVERNANCE ISSUES

Update on Governance issues identified in 2020/21 Statement

Covid-19 Pandemic

Area of Focus	Progress	Status
Financial Impact	<p>Analysis undertaken to identify size of budget gap caused by both loss of income and higher service demand.</p> <p>Savings plan identified based on shortfall after announced government funding is received (assumption made that there will be no further funding beyond that announced, in order to mitigate worst case scenario).</p> <p>Financial planning through the Medium-Term Financial Plan has been reviewed and amended accounting for the impact of the pandemic.</p> <p>Full Covid-19 Financial Strategy in place. Covid-19 costs and grant funding will continue to be separately reported and monitored to enable clarity both on the cost of Covid-19 and assurances on the underlying budget position.</p>	<p>The 2020/21 Covid19 funding pressures continued to be reported separately and were covered by grant in full.</p> <p>The budget report agreed in February 2022 set out that Covid19 forecast pressures in 2022/23 would be covered by the Covid19 reserve.</p>
Effect on staff wellbeing of lockdown restrictions.	<p>Staff wellbeing monitored through Performance Development Review process.</p> <p>Regular departmental seminars and advice offered on mental health</p> <p>Online support and confidential contact line available to all staff.</p> <p>New Smart Working policy implemented.</p>	<p>No longer a governance risk.</p>
Increase in service demand	<p>Financial budgeting assumptions reviewed.</p> <p>Domestic Abuse multi-agency hub has been set up to enhance the service to support victims.</p>	<p>Increase demand in services is regularly reviewed and the MTFP, this identified key pressures in SEN transport and Temporary Accommodation during the year.</p>

		The SEN Transport cost pressures were reflected in the MTFP and the Temporary Accommodation budget was re-forecast and subject to ongoing monitoring.
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Compliance with the CIPFA Financial Management code

In September 2019, CIPFA published the Financial Management (FM) code, which sets out the principles by which authorities should be guided in managing their finances and the specific standards, they should, as a minimum, seek to achieve. The code is designed to support good practice in financial management and to assist local authorities demonstrate their financial sustainability.

In response to the introduction of the code and ongoing focus on financial management the Council has:

- i. Undertaken an initial light touch internal review of the standards to identify any potential areas of improvements requiring further action
- ii. Commissioned CIPFA to undertake an in depth external assessment of our financial management arrangements across the organisation based on the CIPFA FM Model
- iii. Commissioned CIPFA to undertake an external financial resilience assessment (in response to FM Code standard F)
- iv. Considered the symptoms of financial stress and factors that drive the ability of the authority to withstand financial pressures as part of the January 2022 GPC Financial Resilience report. An action plan has been created to be monitored by the improvement board (In response to FM code standard G)

The CIPFA FM Model links to the CIPFA FM Code. As part of the work on the CIPFA FM model, CIPFA confirmed that they did not see any instances of non-compliance with the code, providing further assurance on the Council's Financial Management arrangements.

The Council complies with the code and has used the internal and external reviews to inform the medium-term improvement plan and action plan, incorporating feedback from the finance team, wider organisation and best practice. Financial management remains a key area of focus for the Council, subject to ongoing review and monitoring in order to drive continued improvement.

General Governance Risks identified for the year and actions taken

Area of Focus	Progress	Status
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<p>The new role for the Housing Ombudsman arising from increased scrutiny of council housing in the social housing white paper</p>	<p>The Council has dedicated further resource to managing Ombudsman complaints and compliance.</p> <p>Processes have been reviewed and refreshed.</p> <p>The Council has complied with all Ombudsman investigations and determinations and has received no complaints handling failure orders.</p>	<p>No longer a governance risk</p>
<p>The transition period for the UK leaving the European Union (EU) has now ended. The status of some regulation replacing former EU regulation remains unclear (e.g. Subsidy Control). The Council will need to continue to monitor developments and risks in these areas.</p>	<p>The Council has taken advice and updated policies and procedures where appropriate.</p> <p>External legal advice is commissioned on relevant decisions to ensure the Council fully complies with all requirements.</p>	<p>No longer a governance risk.</p>

Other significant governance actions taken during the year

Review of the Local Plan & consultation enhancements

The Council drafted a new regulation 18 Local Plan for consultation, seeking to address key needs and priorities within the borough including poverty, improvement of the natural environment and opportunities for residents.

The Council has further enhanced regular local consultation processes through the Environment Forum, the Health and Wellbeing Board, and Town Centre action plans developed in collaboration with local businesses.

Implementation of new Customer Relationship Management system to improve customer experience and information sharing

A new software system has been developed to manage complaints and information requests, alongside a streamlined customer experience via web form, which will enable more effective management of customer issues and requests, as well as improved data, which will assist the Council in identifying trends and improving its preventative measures and general transparency to achieve better initial outcomes for residents.

Refresh of the Corporate Risk Register

The Corporate Risk Register was fully refreshed during the year, incorporating all residual risks from Covid-19 and Brexit, as well as reflecting demand in the borough and service improvement opportunities identified.

Statement of Accounts Delays in External Audit

There are delays in the external audit of the Council's Statement of Accounts for 2019/20 and 2020/21 which remains of serious concern to the Council and in particular, members of the General Purposes Committee. The Council continues to drive improvements in its Statement of Accounts processes in preparation for the finalisation of these audits.

Areas of focus for 2022/23

Focus will be placed on the following significant governance issues during 2022/23:

Area of Focus	Progress
<p>Financial Resilience.</p> <p>The financial climate continues to be a challenge for the Council, both in term of service demand and financial restraints caused by wider economic circumstances and risks.</p> <p>The cumulative impact of the general economic conditions, inflation and construction price inflation, and interest rate rises require close monitoring of the budget and reviewing the medium term financial plan assumptions. In addition the MRP technical consultation outcome has not yet been concluded and this has potential to further impact on the Council's financial resilience.</p>	<p>Financial resilience remains a top priority.</p> <p>The MTFP will be reviewed with a focus on further strengthening the Council's long-term capital and balance sheet position, and the strength of its reserves. The Council has £3m contingency annual budget and risk reserves of £20m.</p> <p>Further a review of the financial thresholds for capital projects is underway, the capital programme and a review of the financial model of Meridian Water due to be considered at October Cabinet.</p> <p>Preparation for the MRP outcome had been initiated earlier this year with a review of the current MRP policy; an assessment of the implications of changes by the Treasury advisers is being sought.</p>
<p>Information Governance</p> <p>The Council requires adequate security controls and processing of its data and information in order to provide excellent protection of data</p>	<p>The Council has invested in new management software for information requests, and this will be rolled out during the year.</p> <p>The Cyber Security function will</p>

<p>and service to customers in regard to its duties under the Data Protection and Freedom of Information Acts.</p>	<p>implement a work plan to further enhance the Council's data security. This is reported to the GPC twice a year.</p> <p>The Council policies and processes will be reviewed to ensure they remain good practice.</p> <p>The cross council information governance board is in place and meets regularly.</p>
<p>Subsidiary Company strategy.</p> <p>The Council's subsidiary companies deliver services to assist in provision to residents. However, they represent significant investment from the Council, and it is therefore appropriate that their use and role in the Council's holistic approach to service delivery is reviewed at regular intervals.</p>	<p>The Council has commissioned independent strategic reviews of its companies, which will report in the year and will form the basis of a strategic approach to companies which will be reflected in the MTFP.</p> <p>In addition, a number of actions were identified as a result of a review of company governance, these are being monitored at the Finance Continuous Improvement Board.</p> <p>In 2021-22, an internal operational document setting out the loan agreements with Companies was drafted. This will be reviewed in 2022-23.</p>
<p>Statement of Accounts 2019/20, 2020/21 – audit outstanding</p> <p>The Council Statement of Accounts for 2019/20 and 2020/21 audit has not been completed. The Council's Accounts have been published on time however, the audit has been delayed through resourcing challenges in the external auditors and more latterly an unresolved national technical issue related to infrastructure assets valuations.</p>	<p>The General Purposes Committee receives regular updates on the progress of the accounts external audit and the improvements in the Council's processes. The council has retained additional resources to expedite the Audit once this commences.</p> <p>In this context, assurance around the credibility of the finance function is sought from alternative sources including: internal audit, reviewing of public interest reports and assessing LBE in the light of these, the CIPFA FM independent review, external reviews such a our MRP policy (February 2022); training for all Housing and Finance colleagues on HRA financing (this was</p>

	<p>in response to public interest reports in other councils).</p> <p>A Finance Continuous Improvement Board is in place to monitor progress on these improvements.</p>
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General governance and Risk Management Actions for 2021/22

The Council will review the effectiveness of the enhancements to the Scrutiny process made in previous years, to ensure the arrangements are operating as expected and providing a good quality of scrutiny.

The Council will review policies and processes in regard to information transparency, to enhance availability of Council information and provision of excellent service under Data Protection and Freedom of Information legislation.

REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness.

The effectiveness of governance arrangements is monitored and evaluated throughout the year and activity undertaken includes:

- Consideration of governance issues by the Executive Management Team, the Assurance Board and Departmental Management Teams including risk registers, counter fraud updates and internal audit reports
- Preparation of a rolling plan of audit coverage provided by the Head of Internal Audit and Risk Management which is primarily based on an assessment of the Council's risk profile.
- The Annual Audit Opinion which is provided by the Head of Internal Audit and Risk Management.
- Ongoing assessment of internal management processes including performance management and compliance monitoring
- The work of the Council's governance boards and working groups, including the Executive Management Team, the Assurance Board, other Management Boards, Departmental Management teams and working groups (e.g. the Risk Management Group)
- The independent views of regulatory inspection agencies such as Ofsted and the Care Quality Commission

- The views of external auditors regularly reported to the General Purposes Committee including regular progress reports and the Annual Audit Letter
- The work of the General Purposes Committee that includes ensuring best practice in corporate governance is applied across the Council.

Internal Audit Plan

The Council operates an Annual Internal Audit Plan to review the effectiveness of its governance in specific areas. The development of the audit plan targets those areas considered to be higher risk for the Council and for residents. Due to this, the likelihood of negative assurance levels on individual audits increases, as any control weakness identified will be proportionally more significant in high-risk areas. The methodology of financial auditing continued to encompass comprehensive whole system reviews of key financial processes and schools are audited on a rotational basis.

In summary, the conclusion is that there is a reasonable assurance (based on the evidence reviewed), there was a similar number of audits of concern (limited or no assurance) to the previous year, however, significant progress has been made with the speed of completing red and medium audit actions. This is set out in more detail below.

The Council (via the General Purposes Committee) commissioned the 2021/22 Internal Audit Plan leading to 38 assurance opinions given within the year, of which 2 received a *No Assurance* rating, and 14 received a *Limited Assurance* rating. Combined, these represent 42% of opinions given during the year; this compares to 2021-22, where *Limited* and *No Assurance* reports constituted 41% of total opinions.

No Assurance reviews related to:

- DWP Revised Memorandum of Understanding 2020-21
- St. Anne's Catholic High School for Girls

Limited Assurance reviews related to:

- Council staff leaving process
- Community Equipment Services
- Deprivation of Liberty Safeguards
- Financial Management of Bridgewood House
- Primary Behaviour Support Service
- Secondary Behaviour Support Service
- Community Infrastructure Levy
- Grounds Maintenance
- Meridian Water – Contract Management
- Oversight of Montagu LLP
- Oversight of Energetik
- Bush Hill Park Primary School
- Eldon Primary School

- Oakthorpe Primary School

Common high-risk finding themes within the corporate *No* and *Limited Assurance* reviews related to:

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 can be improved. Additionally, there is scope for better contract management practices to be put in place.

We also found there is scope for improving the wider understanding of related party transactions and conflicts of interest in relation to procuring services particularly in schools.

There is also a need for greater clarity in terms of governance arrangements particularly where several groups/boards have interest in particular areas or projects.

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.

The need to document and retain key checks carried out (e.g. Baseline Personal Security Standards) needs to be reinforced.

Performance monitoring

In several audits we found that operational performance monitoring could be improved by the use of relevant metrics and ensuring performance is reported to and understood by relevant management levels.

Mandatory training

Managers not ensuring their teams completed the Council's mandatory training was highlighted in a number of audits, we do appreciate that there are some difficulties in obtaining this information from the HR systems and acknowledge that the HR team are resolving these issues.

Audit action monitoring

Audit actions recommended to address control weaknesses identified are monitored through the year for implementation by officer Assurance Board. The Assurance Board membership includes the Chief Executive, Section 151 Officer and Monitoring Officer.

For 2021-22, as at 31st March 2021, all actions due were implemented except for 9 high risk actions and 14 medium risk actions. This compares to 15 overdue high-risk actions and 40 overdue medium risk actions at 31st March 2021.

Assurance Statement

Based on the work undertaken by the Internal Audit team during 2021/22 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. This is based on the work undertaken by the Internal Audit team during 2021/22. Improvements are required in the areas identified in the audit reports to enhance the adequacy and effectiveness of the framework of governance, risk management and internal control.

Conclusion

The Council is satisfied that appropriate governance arrangements are in place. We propose over the coming year to take the steps to address the matters identified above to further enhance our governance arrangements.

Signed on behalf of Enfield Council:

Ian Davis
Chief Executive
Date:

Councillor Nesil Caliskan
Leader of the Council
Date: