

Governance, Risk and Audit Committee



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28th February 2022

A meeting of the **Governance, Risk and Audit Committee** of North Norfolk District Council will be held in the **Council Chamber - Council Offices** on **Tuesday, 8 March 2022 at 10.00 am**.

At the discretion of the Chairman, a short break will be taken after the meeting has been running for approximately one and a half hours

Members of the public who wish to ask a question or speak on an agenda item are requested to notify the committee clerk 24 hours in advance of the meeting and arrive at least 15 minutes before the start of the meeting. This is to allow time for the Committee Chair to rearrange the order of items on the agenda for the convenience of members of the public. Further information on the procedure for public speaking can be obtained from Democratic Services, Tel: 01263 516047, Email: matthew.stembrowicz@north-norfolk.gov.uk.

Anyone attending this meeting may take photographs, film or audio-record the proceedings and report on the meeting. Anyone wishing to do so must inform the Chairman. If you are a member of the public and you wish to speak on an item on the agenda, please be aware that you may be filmed or photographed.

Please note that Committee members will be given priority to speak during the debate of agenda items

Emma Denny
Democratic Services Manager

To: Mr J Rest, Mr S Penfold, Mr C Cushing, Mr H Blathwayt, Dr P Bütikofer and Mr P Fisher

All other Members of the Council for information.

Members of the Management Team, appropriate Officers, Press and Public



**If you have any special requirements in order
to attend this meeting, please let us know in advance**

If you would like any document in large print, audio, Braille, alternative format or in a different language please contact us

Chief Executive: Steve Blatch

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A G E N D A

1. TO RECEIVE APOLOGIES FOR ABSENCE

2. SUBSTITUTES

3. PUBLIC QUESTIONS

To receive public questions, if any.

4. ITEMS OF URGENT BUSINESS

To determine any items of business which the Chairman decides should be considered as a matter of urgency pursuant to section 100B(4)(b) of the Local Government Act 1972:

The Council received the Ernst and Young Annual Audit Letter and Annual Audit Results Report for 2019/20 early on the afternoon of Thursday 24th February 2022, leaving insufficient time for the authority to properly consider issues arising in the report and in preparing a management response. We are therefore proposing to hold an additional meeting of the Governance, Risk and Audit Committee provisionally on the morning of Wednesday 30th March to consider the following items of business – Annual Audit Letter 2019/20; Annual Audit Results Report 2019/20; adoption of final accounts for 2019/20.

5. DECLARATIONS OF INTEREST

1 - 6

Members are asked at this stage to declare any interests that they may have in any of the following items on the agenda. The code of conduct for Members requires that declarations include the nature of the interest and whether it is a disclosable pecuniary interest.

6. MINUTES

7 - 14

To approve as a correct record, the minutes of the meeting of the Governance, Risk & Audit Committee held on 7th December 2021.

7. **PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY: 30 NOVEMBER 2021 TO 25 FEBRUARY 2022** 15 - 48

Summary: This report examines the progress made between 30 November 2021 to 25 February 2022 in relation to delivery of the annual internal audit plan for 2021/22.

Conclusions: The report contains an update on progress against the Internal Audit Plan for 2021/22.

Recommendations: **It is recommended that the Committee notes internal audit progress within the period covered by the report.**

Cabinet member(s):
All

Ward(s) affected:
All

Contact Officer, telephone number,
and e-mail:

Faye Haywood
01508 533873
[faye.haywood@southnorfolka](mailto:faye.haywood@southnorfolka.gov.uk)
ndbroadland.gov.uk

8. FOLLOW UP ON INTERNAL AUDIT RECOMMENDATIONS 30 49 - 60
NOVEMBER 2021 TO 25 FEBRUARY 2022

Summary: This report provides an overview of progress made in implementing agreed audit recommendations due for completion within the period covered by this report.

Conclusions: Progress continues to be made in addressing audit recommendations.

Recommendations: **It is recommended that the Committee notes management action taken to date regarding the delivery of audit recommendations.**

Cabinet member(s):
All

Ward(s) affected:
All

Contact Officer, telephone number,
and e-mail:

Faye Haywood, Head of
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DC
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Summary: This report provides an overview of the stages followed prior to the formulation of the strategic internal audit plan for 2022/23 to 2025/26 and the annual internal audit plan for 2022/23. The annual internal audit plan will then serve as the work programme for the council's internal audit services contractor; tiaa ltd. It will also provide the basis for the annual audit opinion on the overall adequacy and effectiveness of north norfolk district council's framework of governance, risk management and control.

Conclusions: The attached report provides the Council with Internal Audit Plans that will ensure key business risks will be addressed by Internal Audit, thus ensuring that appropriate controls are in place to mitigate such risks and also ensure that the appropriate and proportionate level of action is taken.

Recommendations: **It is recommended that the Committee notes and approves:**
a) the Internal Audit Strategy
b) the Strategic Internal Audit Plans 2022/23 to 2025/26; and
c) the Annual Internal Audit Plan 2022/23.

Cabinet member(s):

All

Contact Officer,
number, and e-mail:

telephone

Ward(s) affected:

All

Faye Haywood, Head of Internal
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10. **GOVERNANCE, RISK AND AUDIT COMMITTEE SELF-ASSESSMENT** 79 - 88

Summary:

The Chartered Institute for Public Finance and Accountancy (CIPFA) document on “audit committees - practical guidance for local authorities and police” sets out the guidance on the function and operation of audit committees. It represents CIPFA’s view of best practice and incorporates the position statement previously issued.

It is good practice for audit committees to complete a regular self-assessment exercise, to be satisfied that the Committee is performing effectively.

Conclusion:

During the 2021 self-assessment the Committee considered the Governance Risk and Audit Committee to be mostly in conformance with the CIPFA guidance. Undertaking a regular review of its performance against best practice ensures that the Committee has properly assessed the way in which it discharges its duties.

Recommendation:

That the Committee discuss the attached checklist at Appendix 1 to this report from 2021 and consider whether any of the scoring requires amending or whether improvement actions need to be developed in any areas.

Cabinet member(s):
All

Ward(s) affected:
All

Contact Officer, telephone number, and e-mail:

Faye Haywood, Internal Audit Manager for North Norfolk DC, 01508 533873, fhaywood@s-norfolk.gov.uk

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|------------|--|-----------|
| 11. | CORPORATE RISK REGISTER | 89 - 124 |
| | To review and note the Corporate Risk Register. | |
| 12. | PROCUREMENT EXEMPTIONS REGISTER 12TH NOVEMBER 2021 TO 15TH FEBRUARY 2022 | 125 - 126 |
| | To note the procurement exemptions register. | |
| 13. | GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST | 127 - 128 |
| | To monitor progress on items requiring action from the previous meeting, including progress on implementation of audit recommendations. | |
| 14. | GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME | 129 - 130 |
| | To review the Governance, Risk & Audit Committee Work Programme. | |
| 15. | EXCLUSION OF THE PRESS AND PUBLIC | |
| | To pass the following resolution, if necessary: | |
| | "That under section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in part 1 of schedule 12A (as amended) to the Act." | |

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Registering interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in “The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012”. You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

“Disclosable Pecuniary Interest” means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A 'sensitive interest' is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.
5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which **directly relates** to one of your Other Registerable Interests (as set out in **Table 2**), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
8. Where a matter arises at a meeting which **affects** –
 - a. your own financial interest or well-being;
 - b. a financial interest or well-being of a relative, close associate; or
 - c. a body included in those you need to disclose under Other Registrable Interests as set out in **Table 2**

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied

9. Where a matter **affects** your financial interest or well-being:
 - a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
 - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

10. Where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must make sure that any written statement of that decision records the existence and nature of your interest.

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the

	<p>councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land and Property	<p>Any beneficial interest in land which is within the area of the council.</p> <p>‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.</p>
Licenses	<p>Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer</p>
Corporate tenancies	<p>Any tenancy where (to the councillor’s knowledge)—</p> <p>(a) the landlord is the council; and</p> <p>(b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.</p>
Securities	<p>Any beneficial interest in securities* of a body where—</p> <p>(a) that body (to the councillor’s knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were</p>

	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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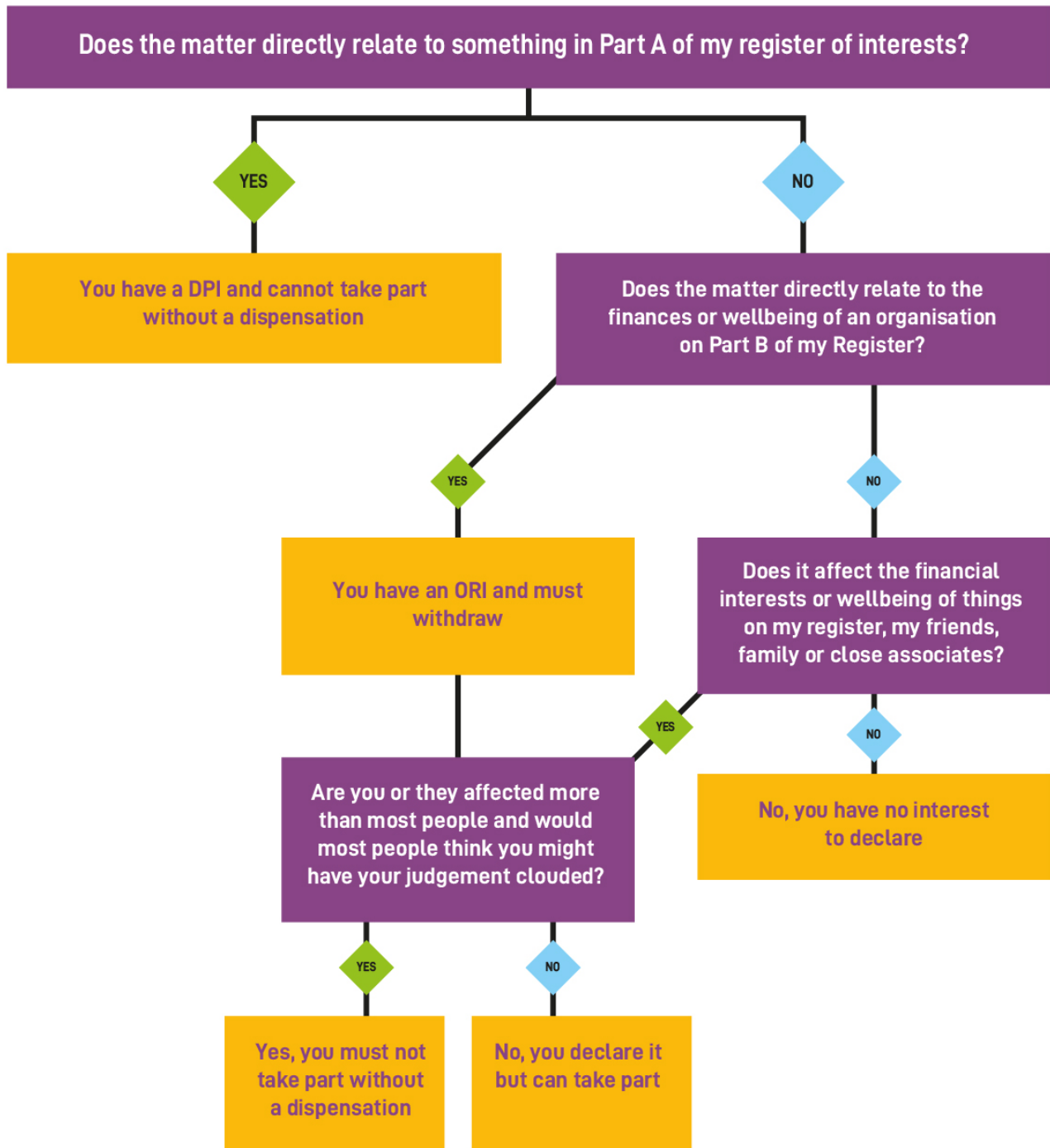
* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registrable Interests

You have a personal interest in any business of your authority where it relates to or is likely to affect:

- a) any body of which you are in general control or management and to which you are nominated or appointed by your authority
- b) any body
 - (i) exercising functions of a public nature
 - (ii) any body directed to charitable purposes or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)



GOVERNANCE, RISK AND AUDIT COMMITTEE

Minutes of the meeting of the Governance, Risk and Audit Committee held on Tuesday, 7 December 2021 at the Council Offices, Holt Road, Cromer, NR27 9EN at 2.00 pm

Committee

Members Present:

Mr J Rest (Chairman)	Mr S Penfold (Vice-Chairman)
Mr C Cushing	Mr H Blathwayt
Dr P Bütikofer	Mr P Fisher

Members also attending:

Ms L Withington (Observer)
Ms V Gay (Observer)
Mr E Seward (Observer)

Officers in Attendance:

Democratic Services and Governance Officer - Scrutiny (DSGOS), Head of Internal Audit (HIA), Chief Technical Accountant (CTA), Chief Executive (CE), Democratic Services Manager (DSM), Director for Resources/Section 151 Officer (DFR), Director for Communities (DFC), Assistant Director for Finance, Assets, Legal & Monitoring Officer (MO), Assistant Director for Environment & Leisure (ADEL) and Internal Auditor (IA)

35 TO RECEIVE APOLOGIES FOR ABSENCE

None received.

36 SUBSTITUTES

None.

37 PUBLIC QUESTIONS

None received.

38 ITEMS OF URGENT BUSINESS

None received.

39 DECLARATIONS OF INTEREST

None declared.

40 MINUTES

Minutes of the meeting held on 28th September 2021 were approved as a correct record and signed by the Chairman.

41 CIVIL CONTINGENCIES REPORT

The ADEL introduced the report and informed Members that the majority of work undertaken was still in response to Covid-19, alongside other issues such as Brexit, flood warnings and fuel disruption. She added that whilst there had been a long-term staff absence the Team had coped well, with additional resource brought in from the Norfolk Resilience Forum on a part-time basis.

Questions and Discussion

- i. The Chairman referred to business continuity issues on p16 and asked whether officers were comfortable that scheduled work could be achieved with the available resource. The ADEL confirmed that this would be possible, with priority given to tasks as and when necessary.

RESOLVED

To note the report and the council's contributions to the Norfolk Resilience Forum and the response to the Covid-19 pandemic.

42 EY EXTERNAL AUDIT PLAN 2019/20

The EA introduced the report and informed Members that it provided details of the 2019/20 audit that was currently underway. He added that the materiality level being worked to was £1.12m, with any audit differences above £56k to be reported to the Committee at its next meeting. It was noted that the audit risks EY hoped to provide assurance against were outlined on p5-6 with two elevated risks, the first relating to property plant and equipment and the second to non-domestic rates appeals provision. The EA informed Members that the increase in the first elevated risk had been driven by differences between the valuer used by the Council, and the audit undertaken in 2018/19. The second elevated risk was driven by a new requirement for auditors to pay greater attention to audit estimates, which made it an inherent risk.

Questions and Discussion

- i. Cllr C Cushing referred to p35 where it was stated that the breach of internal controls had arisen as a result of a whistle blower, and asked whether this was correct, as he understood it was the result of an FOI request. The EA replied that EY had been notified of the issue via the Public Interest Disclosure Act, otherwise referred to as the whistleblowing process. In response to a follow-up question from Cllr C Cushing, the EA stated that he could not confirm whether the Council's Whistleblowing Policy had been followed, as this had not been part of the EY investigation. Cllr C Cushing asked whether any further work was planned to ensure that the Council's procedures had been properly followed. The EA replied that efforts would be made to ensure that as a primary respondent under legislation, EY had been notified appropriately, though there were no plans for a specific enquiry to determine whether the Council's own Policy had been followed. He added that EY did not have a specific duty to determine whether the Council's own Whistleblowing Policy had been fully adhered to, because EY had been notified as a respondent under legislation. Cllr C Cushing suggested that he did not feel the term whistleblowing was being used accurately, and noted that whilst no criminality had been found during the Police investigation, it was possible that there could have been lesser degrees of culpability. He then asked whether EY Forensics would consider these allegations to

identify what internal controls the breaches involved, in order to determine whether allegations were founded, where responsibility fell, the severity of any breaches, and whether any lessons could be learnt. The EA replied that he would engage the EY Forensics Team to review the facts behind the issue raised, and would thereafter report on whether the Council's controls were adequate. It was confirmed that the work was mostly complete, though the report on the findings would not be published until the next meeting. It was confirmed that a draft report would be shared with officers and the Chairman for comment in advance of the meeting.

- ii. It was confirmed, following a question from the Chairman, that EY had not been asked to review any other matters relating to the Police investigation.
- iii. Cllr S Penfold referred to comments on p41 that suggested that EY would postpone audits if information could not be provided within the agreed timeframe. He then asked what would happen if EY were not able to meet key dates within the timeframe, as the agreement appeared to be one-sided. The EA agreed that whilst the agreement did appear one-sided, the onus was on EY to issue an audit opinion, which it could not do without the necessary information. He added that the contract was between the Council and Public Sector Audit appointments (PSAA) Ltd, rather than directly with EY, to ensure independence. It was noted that any delays caused by EY would be explained to the Council, in order to agree a revised timetable.
- iv. The CTA sought to reassure Members that the increased risks raised by the EA relating to valuations for property plant and equipment had led to the introduction of new procedures, which would resolve the issue. She added that she would also question whether risk in relation to the NDR appeals provision had genuinely increased.

RESOLVED

To review and note the EY External Audit Plan.

43 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY: 21 SEPTEMBER 2021 TO 29 NOVEMBER 2021

The HIA introduced the report and informed Members that 71 days of programmed work had been completed, equating to 42% of the Internal Audit plan for the year. She added that reports had been finalised on Performance Management, Corporate Policy and Business planning, which had been given a reasonable assurance grading with four priority three recommendations. The Income Report had also received a reasonable assurance grading, with two priority two recommendations and one priority three. The HIA noted that some delays had been encountered due to sickness and resourcing issues, though she was confident that the audit plan was now back on track in quarter three. It was noted that the important recommendations raised on the Income Report sought to ensure that agreed amounts were regularly deposited according to a pre-determined schedule. The HIA informed Members that evidence had been provided to show that the recommendation had been resolved, which helped to strengthen controls relating to cash handling.

Questions and Discussion

- i. Cllr C Cushing referred to appendix 2 on p69, and noted comments that targets had not be set for several objectives within the performance report,

and asked whether greater detail could be provided on which objectives this related to. The HIA replied that she would confirm by email to the Committee, though managers had taken steps to address the issue.

- ii. Cllr E Seward referred to an audit undertaken on the Covid-19 Business Grants and asked whether any shortcomings in the process had been found. The HIA replied that whilst it was too early to confirm, no significant issues had been found to date.

RESOLVED

To notes the Internal Audit progress within the period covered by the report.

44 FOLLOW UP ON INTERNAL AUDIT RECOMMENDATIONS 21 SEPTEMBER 2021 TO 29 NOVEMBER 2021

The HIA introduced the report and informed Members that as agreed at the last meeting, the follow-up report was now received quarterly, for more frequent updates on the number of outstanding recommendations. She added that recommendations relating to project management and the Cromer Tennis Hub were in the process of being revisited for additional testing, to ensure that newly implemented controls were adequate. It was noted that it would be difficult to provide evidence that the new project management framework was being utilised, without practical examples available.

Questions and Discussion

- i. Cllr C Cushing referred to residual actions on S106 agreements with long outstanding recommendations and asked whether the priority two recommendation could be upgraded to a priority one, and what confidence officers had that these actions would be completed by March 2022. The HIA replied that the important priority recommendations had been agreed by officers and it was no longer possible to regrade the recommendations without reviewing the issue. She added that in regards incomplete actions, updates were provided by relevant officers, though some progress had been reported.

RESOLVED

To note the management action taken to date regarding the delivery of audit recommendations.

45 EXTERNAL AUDIT PROCUREMENT EXERCISE

The CTA introduced the report and informed Members that the Council was legally required to appoint an external auditor to review its annual financial statements. The PSAA had been established for this purpose and had undertaken its last national procurement exercise in 2015 to cover the period up to 2023, on behalf of Councils. It was noted that the Council were strongly advised to opt-in to the PSAA arrangement again, in order to avoid failing to appoint an external auditor. The CTA noted that whilst there were issues with the process, including a lack of contractual transparency, the risks of not opting-in were far higher.

Questions and Discussion

- i. The Chairman asked whether officers would be given an opportunity to review and scrutinise the new external audit contract prior to agreement. The CTA replied that under the current arrangements there was no opportunity to review the contract as it was between PSAA and the external auditor. She added that in opting-in to any new contract, strong representations would be made that the Council expected greater transparency around the procurement specification and the ability to review the contract and any KPIs within it. It was noted that many Councils were in the same position and would also be seeking these assurances.
- ii. The DFR informed Members that the issue had recently been discussed at a meeting of Norfolk Council's CFOs, where it was unanimously agreed that all Councils should opt-in to the process.
- iii. The Chairman asked the MO to consider whether there were legal implications for officers not being allowed to review the existing contract.
- iv. Cllr S Penfold asked whether the Council was lobbying the PSAA on proposed changes to the procurement and contract process alone, or as part of a wider group of Councils. The CTA replied that the Council lobbied the PSAA both independently and as part of the District Councils Network, though joint requests to review the contracts with other authorities had not been successful. She added that whilst this would have been difficult mid-contract, the Council were in a better position to request changes in advance of contract renewal. It was noted that the proposed key changes would include improved KPIs and an escalation process that could be followed if these were not achieved. In response to a further question from Cllr S Penfold, it was suggested that officers were hopeful that the requests would be implemented.
- v. Cllr S Penfold asked when the 2019/20 audit process would be complete, to which the CTA replied that auditors had begun their work and completion was expected in March 2022.
- vi. The recommendation was proposed by Cllr H Blathwayt and seconded by Cllr C Cushing.

RESOLVED

To recommend to Full Council that NNDC opt-in to the PSAA joint procurement exercise, while also providing feedback to them on how the process could be improved.

46 PROCUREMENT EXEMPTIONS REGISTER 1ST SEPTEMBER - 11TH NOVEMBER 2021

The MO introduced the item and informed Members that there were no procurement exemptions to report.

RESOLVED

To note the Procurement Exemptions Register.

47 CORPORATE RISK REGISTER

The DFR introduced the report and informed Members that the opening of the Reef Leisure Centre signalled completion of the largest self-funded project the Council had undertaken, which meant a significant reduction in the associated risks. He added that across the report risks could be managed in four ways, which included treating, tolerating, transferring and terminating. It was noted that whilst high level risks were listed as 'treat', more specific risks such as the impact of changes to the global economy were not treatable, and would instead be tolerated, with efforts made to mitigate any impacts.

Questions and Discussion

- i. The Chairman referred to operational risks and noted that the risk score was sixteen whilst the target was four, and asked how this score would be reduced. The DFR replied that assessing the risk required some subjective analysis in terms of likelihood and consequence, against the mitigation measures put in place. He added that in this case, most mitigation measures were complete, and whilst it was possible that more mitigation may be required, it could also be that under the current circumstances, the target was unachievable. It was suggested that further consideration would be given to whether the existing target was achievable, or whether it needed to be reviewed. In response to a question from the Chairman, it was noted that reviewing the target would not necessarily require input from Internal Audit, though this could be beneficial.
- ii. The Chairman referred to control, contingency and mitigating actions and noted that one action had not been completed. The DFR replied that this was likely a previous target as the Customer Strategy had now been approved.
- iii. Cllr C Cushing stated that in some areas the report was unclear on the risks presented and lacked detail in how risks would be mitigated. The DFR replied that he would look to adjust the report to make risks and mitigation measures more clear. The CE noted that risks referred to relating to the economic growth strategy had been impacted significantly by officers supporting delivery of the Covid-19 business grants. He added that in terms of changes to the reports, the new format provided information over a substantially higher number of risks than previously reported, and efforts would continue to find the balance on the level of detail required.
- iv. Cllr S Penfold suggested that it would help if more clarity was provided on the nature of each risk and any mitigation measures.

RESOLVED

To review and note the Corporate Risk Register.

48 GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST

The DSGOS informed Members that all actions from the previous meeting were complete.

49 GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

The DSGOS informed Members that the external audit results report for 2019/20 was expected in March and officers were confident that it would be complete. He added that the Anti-Money Laundering Policy had been moved to the June meeting,

alongside an annual review of the Council's risk management framework.

50 EXCLUSION OF THE PRESS AND PUBLIC

The meeting ended at 2.58 pm.

Chairman

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Progress Report on Internal Audit Activity: 30 November 2021 to 25 February 2022

Summary: This report examines the progress made between 30 November 2021 to 25 February 2022 in relation to delivery of the Annual Internal Audit Plan for 2021/22.

Conclusions: The report contains an update on progress against the Internal Audit Plan for 2021/22.

Recommendations: **It is recommended that the Committee notes internal audit progress within the period covered by the report.**

Cabinet member(s):
All

Ward(s) affected:
All

Contact Officer, telephone number, and e-mail: Faye Haywood
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1. Background

1.1. This report reflects progress made regarding internal audits for the agreed 2021/22 plan approved by GRAC on 16 June 2021.

2. Overall Position

2.1. The overall position in relation to the 2021/22 Internal Audit Plan is within the attached report.

3. Conclusion

3.1 The 2021/22 Internal Audit Plan of work is underway, with progress provided in the attached report.

4. Recommendation

4.1 It is recommended that the Committee notes internal audit progress within the period covered by the report.

Appendices attached to this report:
Progress Report on Internal Audit Activity

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Eastern Internal Audit Services



North Norfolk District Council

Progress Report on Internal Audit Activity

Period Covered: 30 November 2021 to 25 February 2022

Responsible Officer: Faye Haywood – Head of Internal Audit for North Norfolk District Council

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1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:
 - Any significant changes to the approved Audit Plan;
 - Progress made in delivering the agreed audits for the year;
 - Any significant outcomes arising from audits; and
 - Performance to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 Since the Internal Audit Plan approval of 15th June 2021, there has been one significant change. The audit of NN2211 Economic Growth has been deferred to the 2022-23 plan at the request of management to allow for more time to progress the preparation of a new strategy incorporating lessons from the impact of Covid-19 and due to delays faced from administering grants. The plan overall has been reduced by 10 days as a result of this change.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1**.
- 3.2 In summary 124 days of programmed work has now been completed, equating to 78% of the Internal Audit Plan for 2021/22.

4. THE OUTCOMES ARISING FROM OUR WORK

- 4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

Substantial Assurance: Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

Reasonable Assurance: Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Limited Assurance: Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

No Assurance: Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage

risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

- 4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

Urgent (priority one): Fundamental control issue on which action to implement should be taken within 1 month.

Important (priority two): Control issue on which action to implement should be taken within 3 months.

Needs attention (priority three): Control issue on which action to implement should be taken within 6 months.

- 4.3 In addition, on completion of audit work “Operational Effectiveness Matters” are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.

- 4.4 During the period covered by the report, four Internal Audit reports have been finalised.

Audit	Assurance	P1	P2	P3
Accounts Receivable	Substantial	0	0	2
Customer Services	Substantial	0	0	3
Project Management Framework	Reasonable	0	4	7
Annual Governance Statement	Reasonable	0	1	3
Covid-19 Business Grants	Reasonable	0	4	0
Environmental Health	Reasonable	0	3	2
Accountancy Services	Substantial	0	0	1

The Executive Summaries of these reports are attached at **Appendix 2**, full copies can be requested by Members.

- 4.5 As can be seen in the table above as a result of these audits 26 recommendations have been raised and agreed by management.

- 4.6 In addition five operational effectiveness matter has been raised for management consideration, one in regard to the Customer Services audit and four in relation to the Annual Governance Statement audit.

5. PERFORMANCE MEASURES

- 5.1 The Internal Audit Services contract includes a suite of key performance measures against which TIAA is reviewed on a quarterly basis. There is a total of 11 indicators, over 4 areas.

- 5.2 There are individual requirements for performance in relation to each measure; however, performance will be assessed on an overall basis as follows:

- 9-11 KPIs have met target = Green Status.
- 5-8 KPIs have met target = Amber Status.
- 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed by TIAA and agreed with the Internal Audit Manager to ensure that appropriate action is taken.

- 5.3 Progress against delivering the plan of work is starting to recover from resourcing difficulties experienced in quarters two and three. The Head of Internal Audit continues to work closely with the contractor to ensure that resources are sufficient to complete the plan of work in time for year end.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 2											
Performance Management, Corporate Policy and Business Planning	NN2203	10	10	10	Final report issued on 11 October 2021.	Reasonable	0	0	4	0	December 2021
Counter Fraud and Corruption	NN2204	8	8	8	Draft report issued 25 November 2021.						
Income	NN2208	7	7	7	Final report issued on 4 October 2021.	Reasonable	0	2	1	1	December 2021
COVID-19 Business Grants	NN2209	8	8	8	Final report issued on 14 February 2022.	Reasonable	0	4	0	0	March 2022
Environmental Health	NN2214	12	12	12	Final report issued on 17 January 2022.	Reasonable	0	3	2	0	March 2022
TOTAL		45	45	45							
Quarter 3											
Annual Governance Statement	NN2201	8	8	8	Final report issued on 9 February 2022.	Reasonable	0	1	3	4	March 2022
Project Management Framework	NN2205	8	8	8	Final report issued on 8 February 2022.	Reasonable	0	4	7	0	March 2022
Accountancy Services	NN2206	16	16	16	Final report issued on 23 February 2022.	Substantial	0	0	1	0	March 2022
Accounts Receivable	NN2207	10	10	10	Final report issued on 22 December 2021.	Substantial	0	0	2	0	March 2022
Customer Services	NN2210	10	10	10	Final report issued on 27 January 2022.	Substantial	0	0	3	1	March 2022
TOTAL		52	52	52							
Quarter 4											
Key Controls and Assurance	NN2201	15	15	5	Fieldwork underway.						
Waste Management	NN2213	10	10	5	Fieldwork nearing completion.						
Economic Growth	NN2211	10	0	0	Deferred to 2022-23.						
Environmental Charter	NN2212	8	8	6	Fieldwork complete. Draft report in preparation.						
TOTAL		43	33	16							
IT Audits											
Information Management	NN2015	10	10	1	Audit Planning Memorandum in preparation.						
Change Control and Patch Management	NN2016	10	10	1	Audit Planning Memorandum in preparation.						
TOTAL		20	20	2							
Follow Up											
Follow Up	N/A	10	10	9							
TOTAL		10	10	9							
TOTAL		170	160	124			0	14	23	6	
Percentage of plan completed				78%							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Assurance Review of the NN/22/07 Accounts Receivable

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Policies and Procedures & security of the system	0	0	1	0
Raising of sundry debtors	0	0	0	0
Credits, refunds and transfer	0	0	0	0
Recovery and write off of outstanding debt	0	0	1	0
Total	0	0	2	0

SCOPE

The audit reviewed the systems and controls in place within Accounts Receivable, to confirm that these are operating adequately, effectively and efficiently.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'needs attention' recommendation being raised upon the conclusion of our work.
- The previous report on Accounts Receivable and Income (NN2006), was issued in December 2019 with a 'Reasonable' assurance having raised one important and two needs attention recommendations. Therefore there has been a slight improvement in the direction of travel with the control environment.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

Raising of sundry debtors

- Invoices are raised within seven working days of receipt of request and for the correct amount and to correct payee as per requisition/supporting documentation, thereby ensuring valid and accurate payments are raised.

Credits, refunds and transfer

- All refunds were authorised in accordance with the authorised signatories list and processed in a timely manner. The reasons for the refunds were documented. This helps ensure only genuine refunds are processed.
- Testing identified that credit notes were appropriately evidenced and accurately raised against the initial request. The reasoning and rationale for credit was recorded and raised in a timely appropriate manner. This helps ensure only genuine credit notes are processed.

Recovery and write off of outstanding debt

- Testing of a sample of individual debts that have passed the automatic recovery stages established correct recovery actions has been applied, thereby ensuring measures to recover debts through manual intervention are consistently applied.

- Accounts on hold are regularly monitored with the stage of recovery recorded in line with laid down procedure. This ensures recovery action is only put on hold where necessary and is not left longer than necessary. Testing of instalment payments established that agreed plans were being adhered to, thereby ensuring recovery of these debts was ongoing.
- Write offs were found to be in accordance with delegated levels of authority and approved after all attempts at recovery had been exhausted. The first batch of write offs was authorised by the Director of Finance and the second by the Chief Technical Accountant. This helps ensure only legitimate write offs are actioned.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where two 'needs attention' recommendations have been made.

Policies and Procedures & security of the system

- Supporting procedural notes for debt recovery to be reviewed and updated, where necessary, to help ensure consistent practices are applied regarding debt recovery.

Recovery and write off of outstanding debt

- That the financial reporting schedule be complied with to confirm that the requisite supporting financial reports used in the recovery of sundry debts have been produced and continue to be so, on a regular basis.

Operational Effectiveness Matters

There were no operational effectiveness matter identified.

Previous audit recommendations

The previous report on Accounts Receivable and Income (NN2006), was issued in December 2019 with a 'Reasonable' assurance having raised one important and two needs attention recommendations all of which have since been confirmed as implemented within the audit cyclical follow up process.

Assurance Review of NN/22/10 Customer Services

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Performance management	0	0	2	1
Training	0	0	1	0
Total	0	0	3	1

No recommendations have been raised in respect of policies and procedures or call handling.

SCOPE

The Council has committed to improving customer access and customer service standards in its Corporate Plan. This work will involve setting a Customer Charter and Engagement Strategy. The audit evaluated progress against commitments in this area, accessibility of services to customers and ensuring that the reporting of performance in this area is adequate.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which sets out a matter identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.
- This area has not been subject to previous audit scrutiny, hence no direction of travel is applicable.

POSITIVE FINDINGS

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We found that the Council has demonstrated the following points of good practice as identified in this review and we will be sharing details of these operational provisions with other member authorities in the Consortium:

- The Customer Services team is working with other services to develop Service Level Definitions, to define what Customer Services can do for the service and vice versa.
- With effect from 1st October 2021, the Council registered with the Institute of Customer Service, an independent professional membership body for customer services. The first piece of work being undertaken is an internal staff survey on customer service and contact throughout the Council.
- The Council has offered video chat appointments since December 2021, providing an additional way for customers to contact the Council without the need to come into the office.

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Staff have access to a Microsoft OneNote file of procedures and notes, to enable the majority of customer queries to be answered by the Customer Services team.
- The number of menu options on the Council's main phone number has been reduced, in order to reduce queue times for customers.
- Performance data is collected and monitored on a regular basis, to ensure that any areas of weak performance are addressed.

- Bookings for face-to-face appointments and video chats can be made on the Council's website, so that customers can choose a time that suits them.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where three 'needs attention' recommendations have been made.

Performance management

- Customer surveys be reinstated in some form to obtain feedback on the service.
- Performance reports to management and Members be expanded to include key measures such as wait times and abandonment rates.

Training

- A record of training received by each officer and training needs be maintained.

Operational Effectiveness Matters

The operational effectiveness matter, for management to consider relates to the following:

- Consideration be given to expanding the Council's offering of other contact methods and 'self-service' through its website, in order to reduce call volumes.

Previous audit recommendations

This area has not been subject to previous audit review, hence there are no previous audit recommendations.

Assurance Review of the NN/22/05 Project Management Framework

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	OEM
Overarching Documentation and Compliance	0	2	0	0
<u>Original Recommendations</u>				
Cromer Recommendations	0	0	5	0
Project Management Action Points	0	1	2	0
Sheringham Action Points	0	1	0	0
Total	0	4	7	0

SCOPE

The internal audit team carried out three position statements on the project management framework at the Council in 2019/20 and a review of the Cromer Tennis Hub Project which resulted in a no assurance grading and 10 recommendations. This review assessed progress against delivering the actions points and recommendations arising from these reviews with practical examples of implementation gathered to demonstrate completion where possible. This is to provide assurances to the Governance Risk and Audit Committee that the project management framework has been appropriately designed and that it is being managed and applied effectively to manage projects at the Council.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'important' and seven 'needs attention' recommendations remaining (including revised) from previous audit scrutiny and two new 'important' recommendations, being raised, upon the conclusion of our work.

POSITIVE FINDINGS

We found that the Council has demonstrated the following points of good practice as identified in this review:

- The Corporate Decision Unit has been established with responsibility for overseeing the governance of Project Management, thereby providing greater oversight of projects;
- The CDU team has produced a comprehensive Project Management Guide with supporting templates which provides a framework which officers can readily use;
- There is a Log of Project Programmes which has been cross referenced to the Corporate Delivery Plan to try and ensure that all projects are identified for management through the Project Management Framework.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where four 'important' recommendations have been made of which two are new and two are existing from previous audit scrutiny.

Two new recommendations - Overarching Documentation and Compliance

- A post implementation review of the Project Management Guide is undertaken to ensure that the process is pragmatic and effective.
- Senior Management reinforce utilisation of the process by ensuring that projects considered by the Corporate Leadership Team are compliant with the process to date.

Existing/revised recommendations - From the Project Management and Sheringham Project reviews

- The Sieve criteria are signed off by the Corporate Leadership Team and all projects to be put through that Sieve process to provide a score to inform prioritisation of projects:
- The Project Management Guide and Business Plan Template are updated to ensure that that unsecured funding and date of decision, is explicitly identified.

The audit has also highlighted the following areas where seven 'needs attention' recommendations have been made; all of which relate to previous recommendation / actions, which had still to be formally implemented.

Existing/revised recommendations - From the Project Management, Sheringham Project and Cromer Tennis Club reviews

- The template Terms of Reference for the Large Project Board are amended to make clear how decisions are made and how risk and issues are escalated;
- The Project Management Guide is more explicit as to what as a minimum is required before sign off, including finance input and identification of the need for, and timing of, stakeholder engagement.
- The Project Management Guide to make clear that the Senior Responsible Officer is responsible for ensuring compliance with the process and completion of all documentation;
- The Project Management Guide needs to include reference to identifying critical milestones, including sign off of external funding submissions;
- The Business Case Template to include a section to show that the role and timing of stakeholder engagement has been identified;
- The Cabinet Working Party (Projects) Terms of Reference to be approved at the next meeting;
- The Project Management Guide to make clear at what stage project objectives are identified and agreed with the Project Board.

Operational Effectiveness Matters Previous

No operational effectiveness matters have been raised.

Previous audit recommendations / Action Points

- Twenty four recommendations or Action Points were made as part of the previous internal audit coverage of the Council's project management arrangements. Of those recommendations:
 - i) Fourteen are identified as complete and recommend to close or covered elsewhere.
 - ii) Nine are outstanding due to partial incomplete action. Recommendations are made to address this.
 - iii) One relates to procurement rather than Project Management and will be picked up as part of routine internal audit work in 2022/23.

*Of the previous audit recommendations made, Project Management Action Point 6 relating to ensuring that funding is formally confirmed and in place for all projects prior to approval and commencement was marked as closed. The Project Management does not make this a requirement prior to approval; it is only recommended for closure as it is covered in Cromer Recommendation 3 and Sheringham Action Plan 1. Recommendations to address the outstanding action is included in the Management Action Plan at Recommendation 4.

Ref	Original Recommendation	Item	Internal Audit Conclusion and Recommendation
1	Cromer Recommendation 2 The Code of Conduct for Members is to be reviewed to ensure that this meets the requirements of the Standards in Public Life, to complement this a process flowchart should be considered as a standing agenda item to assist Members with declarations.	The Code of Conduct for Members was reviewed. It was approved by Full Council on 21 July 2021.	<i>Recommend close</i>
2	Cromer Recommendation 5 The most senior officer at the Council, i.e. the Chief Executive Officer, to operate at a strategic level without any formal involvement in project governance thereby allowing this officer to remain impartial in the event of dispute resolution. Risk: Without robust governance there is a risk of lack of objectivity and transparency in objective decision-making.	The Project Management Guide states that the Project Sponsor is usually the Assistant Director. This was confirmed by testing.	<i>Recommend close</i>
3	Cromer Recommendation 7 As part of business case development the opportunity costs of spending on a project are clearly laid out.	The Project Management Guide includes this requirement.	<i>Recommend close</i>
4	Cromer Recommendation 9 Prior to presenting to the appropriate authorising body all figures are robustly reviewed for reasonableness and accuracy. Consideration is given to testing the key assumptions with stakeholders.	Covered in Cromer Recommendation 3 and Sheringham Action Plan 1	<i>Recommend close</i>
5	Project Management Action Point 2 Update the guide to project management. In particular, this should include: removing outdated references to posts/staff members developing a template for progress reports add Finance representation to project teams to advise on financial matters update project risk scoring to align with corporate risk scoring.	The Project Management Guide was updated to include these requirements.	<i>Already marked as closed by the Client. Closure supported</i>
6	Project Management Action Point 3 Ensure consistency of documentation and record keeping for all projects, using a central database. Use of standard templates will enable more effective comparison between projects.	Consistent documentation has been agreed as part of the PM Guide and templates. These are available to all officers via the intranet. The mechanism for storing that documentation is in place but improvements being considered.	<i>Already marked as closed by the Client. Closure supported</i>

Ref	Original Recommendation	Item	Internal Audit Conclusion and Recommendation
7	Project Management Action Point 5 Initial project proposals and business cases to make reference to how the project will help to achieve the objectives in the Corporate Plan. Where exceptions are made, this needs to be clearly identified, along with the reason for the exception.	The Project Management Guide requires a project proposal and full business case to be developed using the templates. Templates 1 and 2 require the Corporate Objectives the projects meet to be identified and documented.	<i>Already marked as closed by the Client. Closure supported</i>
8	Project Management Action Point 6 Ensure that funding is formally confirmed and in place for all projects prior to approval and commencement – this links to the 'feasibility' criteria in Project Management Action Point 1.	The Project Management does not make this a requirement prior to approval. It is only recommended for closure as it covered in Cromer Recommendation 3 and Sheringham Action Plan 1,	<i>Recommend close</i>
9	Project Management Action Point 7 Funding requests to Cabinet/Council should be robust and have input from Finance, to reduce the risk of budget overspend and to more accurately control the Council's budgets.	Covered in Cromer Recommendation 3 and Sheringham Action Plan 1.	<i>Recommend close</i>
10	Project Management Action Point 8 Initial risk assessments be completed consistently between projects, using a standard template and methodology. Risk assessments are subject to regular review and update including those in respect of the DTP project	The Project Management Guide includes the requirement for a Risk Assessment to be undertaken; it is also Included within the Business Case Template.	<i>Recommend close</i>
11	Project Management Action Point 10 Post-implementation reviews to be completed for all major projects to identify areas of success and lessons learnt for future projects.	The Project Management Guide includes the requirement for Post Implementation Reviews; a template is included for this purpose.	<i>Recommend close</i>
12	Sheringham Action Point 2 Risks relating to budget increases be included in reports to Members, along with mitigating actions, so that Members are kept informed of any such potential increases and therefore are better informed of the likely outcomes, including any further decisions that they may be required to consider.	The Cabinet Working Party (projects) considers whether or not the budget is on track. The reporting template requires this to be identified and supports this process.	<i>Recommend close</i>

Ref	Original Recommendation	Item	Internal Audit Conclusion and Recommendation
13	Sheringham Action Point 3 Consider introducing an 'optimism bias' into budgets for major projects, to reduce the likelihood of the project exceeding its budget. This should be determined on a case-by-case basis, as informed by the risks to the budget. It is noted that adding to the budget will tie up more of the Council's resources and reduce opportunities to undertake other projects. As a result, it is important that any additions to the budget are not excessive, to prevent the opportunity costs exceeding the benefits obtained.	The Project Management Guide proposes that Optimism Bias is considered.	<i>Recommend close</i>
14	Sheringham Action Point 4 Project objectives and milestones are defined at the start of the project and progress against these is regularly reported.	Covered in Cromer Recommendation 4 and Project Management Action Point 9.	<i>Recommend close</i>

Assurance Review of the NN/22/01 Annual Governance Statement

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Governance	0	1	2	2
Local Code of Corporate Governance	0	0	0	1
Supporting Evidence	0	0	1	1
Total	0	1	3	4

SCOPE

A deep dive review was undertaken to provide assurance that compliance with the Councils governance code can be evidenced and that Annual Governance Statement is compiled following the CIPFA and Solace Delivering Good Governance in Local Government. This review is to be carried out consortium wide to draw on similarities and relevant good practice interpretations.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'important' and three 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised four 'operational effectiveness matters', which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.
- External Audit have not undertaken their audit of the 20/21 accounts; we are therefore unable to provide assurance over the Council's financial arrangements as reflected in the AGS because the accounts have not yet been signed off.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Governance, Reporting and Audit Committee reviewed the Annual Governance Statement on 28/09/21.
- The overall Internal Audit opinion plus matters for inclusion in the Annual Governance Statement were included within the Annual Governance Statement.
- The Director for Resources has overall responsibility and ownership for the Annual Governance Statement process. Input is received from all departments as the Chief Executive, Directors, Assistant Directors and officers with specific roles provide input via completion of assurance statement assessments which inform the Annual Governance Statement and review of the Local Corporate Governance Code.
- The Annual Governance Statements were signed by the Chief Executive and the Leader of the Council.
- The Annual Governance Statement for 2020/21 is accessible to Members and the Public. A link to the Annual Governance Statement is included on the NNDC Public Website on the Statement of Accounts page.
- The action plan, supporting the Annual Governance Statement, is based on the composite report compiled on the basis of the self-assessment responses provided by management.
- The Local Code of Corporate Governance is reviewed annually. A link to the Annual Governance Statement is included on the NNDC Public Website which includes the current Local Code.

- The Local Code is updated annually based on the self-assessments. There are 7 key principles and 5 were selected for review. One piece of supporting evidence per principle was selected from the NNDC Local Code. All were available, reviewed and satisfactory.
- The role of internal audit and key findings from its work are included within the Annual Governance Statement. The overall Internal Audit opinion (Reasonable) was stated.
- In compliance with the CIPFA guidance, The Annual Governance Statement includes role of internal and external audit, assessments of risk and control, effectiveness of key controls and partnership arrangements, statement on 'Tackling Fraud and Corruption' and refers to the Head of Internal Audit Opinion.
- The Annual Governance Statement includes a specific reference to the fact that the External Auditors provide an opinion on the accounts.
- The Annual Governance Statement references the Head of Internal Audit opinion and summarises the sources of review of governance effectiveness and their role (s4). This includes Cabinet, Monitoring Officer, Constitution Working Party and Governance, Risk and Audit Committee.
- During 2020/21 there was one significant issue which resulted in an Internal Audit with a 'No Assurance' rating. This was identified within the Head of Internal Audit Opinion as a matter for inclusion within the Annual Governance Statement. This has been included and actions to address the findings and implement recommendations summarised.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where one 'important' recommendation has been made.

Governance

- Findings from the Self-Assessment process to be summarised in the Annual Governance Statement and cross referenced to the Action Plan.

The audit has also highlighted the following areas where three 'needs attention' recommendations have been made.

Governance

- An overview of the Council, its vision, character and structure to be included within the Annual Governance Statement which demonstrates how governance supports these achievements.
- A summary of the outcome of sources of assurance are consistently included within the Annual Governance Statement.

Supporting Evidence

- The timetable for completion of the Annual Governance Statement, including the Self-Assessment Process, is documented and shared with Council officers.

Operational Effectiveness Matters

The operational effectiveness matters, for management to consider relate to the following:

- That a date of signature 'box' is included on the template Annual Governance Statement and completed when the Chief Executive and Leader of the Council sign the Annual Governance Statement.
- The Counter Fraud, Corruption and Bribery Policy, a key source of assurance, is referenced within the Annual Governance Statement.
- The issue and outcome for each action are included within the Action Plan.
- That the Annual Governance Statement of other local Councils (specifically South Norfolk and Broadland, which have a broadened scope and clearer layout, are reviewed to inform revision of the North Norfolk Annual Governance Statement.

Previous audit recommendations

This is the first Annual Governance Statement audit for the Council however, the Key Control and Assurance audit includes a review of the Assurance Framework. No recommendations were made on the Assurance Framework process in the Key Control and Assurance audit undertaken in 2020/2021.

Assurance Review of NN/22/09 Covid Business Grants

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Data collection, processing, tools for post assurance checks, assessment of progress and system accuracy	0	3	0	0
Risk Monitoring	0	1	0	0
Total	0	4	0	0

SCOPE

The objective of the audit was to review the systems and controls in place within Covid Government Grants, to help confirm that guidance was clear, internal processing and checks were/are adequate, relevant resources assigned, funding arrangements in place and submissions to Government adequate.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the audit. The assurance opinion has been derived as a result of four 'important' recommendations being raised upon the conclusion of our work.
- A direction of travel is not applicable since the areas under scope have not previously been subject to an internal audit review.

POSITIVE FINDINGS

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It is acknowledged there are areas where sound controls are in place and operating consistently:

- Policies were enacted by the Council for administering the discretionary grant schemes, and were in accordance with Government guidance.
- Data collection processes, and application forms, were established for mandated and discretionary grants. The systems utilised provided a clear audit trail of grant decisions, and retained all submitted supporting documentation.
- Internal processes were developed across multiple business functions to assist in the processing, checking, and monitoring of the grant schemes.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where four 'important' recommendations have been made.

Data collection, processing, tools for post assurance checks, assessment of progress and system accuracy

- Pre-payment assurance plans must be developed for the Additional Restrictions Grants (ARG) and Restart grant schemes, as required by Government guidance. The pre-payment assurance plan must include the required company and bank account checks.
- Post payment assurance plans must be developed for the ARG scheme, as required by Government guidance. The post payment assurance plan should incorporate the required company and bank account checks, if not already completed through the course of pre-payment assurance activities.

- Post payment assurance plans should be updated to accurately reflect the scope of the testing performed, and any changes in the completion deadlines. (This has subsequently been implemented – no further action is required at this stage).

Risk Monitoring

- Risk assessments for the ARGs to be developed in accordance with Government guidance.

****Note that the aforementioned matters raised should be considered in light of past and present grant activity, and guidance issued by BEIS on 31st December, 2021, which post-dates audit testing. The matters raised primarily affected two of the 13 grant schemes administered in total. The recommendations outlined in this report provide assurance over the impact of any potential clawbacks. Our assurance rating reflects the number and priority of our recommendations, while also accounting for the overall scope of the grants administered.***

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

This area has not been subject to a previous internal audit review.

Assurance Review of NN/22/14 Environmental Health

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Licensing	0	2	0	0
Food safety	0	1	2*	0
Health and safety	0	0	1*	0
Total	0	3	2	0

*One recommendation applies to both of these areas.

SCOPE

Environmental Health was last reviewed in 2018/19 and was given a 'Reasonable Assurance' opinion covering the following areas: Licencing, Commercial, waste and public space protection orders. Our 2020/21 review was deferred due to Covid-19 plan revisions. This year's audit focused on evaluating controls for Licensing and Food Safety inspections.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and two 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous audit report on Environmental Health (NN/19/14), issued in April 2019, also concluded in a 'Reasonable' assurance opinion, with two 'important' and four 'needs attention' recommendations being raised. Although the overall assurance level remains unchanged, given the difference in scope from the previous review, a direction of travel is therefore not considered appropriate.

POSITIVE FINDINGS

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It is acknowledged there are areas where sound controls are in place and operating consistently:

- Up to date policies and procedures for licensing and food safety are in place to help ensure consistency of service.
- All information and evidence required for licence application is received and retained prior to the licence being issued.
- Reports of licence breaches are investigated promptly, with enforcement action taken as necessary.
- Actions and poor outcomes arising from food hygiene inspections are followed up to ensure that necessary improvements have been made.
- Food hygiene inspections are carried out in accordance with the food hygiene rating scheme, with outcomes documented and notified to the business owner.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where three 'important' recommendations have been made.

Licensing

- Up to date licence registers to be published on the Council's website, thereby ensuring compliance with a statutory requirements for this information to be publicly available.
- Licence fee income to be reconciled regularly, to ensure it can be correctly accounted for.

Food safety

- Food hygiene inspections of businesses to be conducted in a timely manner, for both new and existing businesses, so as to help ensure any instances of poor hygiene standards in food businesses in the district are identified and addressed.

The audit has also highlighted the following areas where two 'needs attention' recommendations have been made.

Food safety

- Complainants to be notified of the outcomes of all food complaints, thereby ensuring correct procedure has been followed to resolve the matter and to protect the Council against reputational damage.
- All actions taken in response to complaints and reports to be clearly recorded, in order to ensure there is a clear audit trail of those actions is maintained and that the action taken was correct.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous audit report on Environmental Health (NN/19/14), issued in April 2019, also concluded in a 'Reasonable' assurance opinion, with two 'important' and four 'needs attention' recommendations being raised. Two of these remain outstanding. One of these relates to the licensing registers and has been reiterated in recommendation 1 below; the other relates to Public Spaces Protection Orders which is outside the scope of this audit with progress continuing to be monitored through cyclical follow up checks.

Other points noted

The Council is in the process of transitioning to a new Environmental Health system, Assure. This work has been in progress since 2018 and there has been a number of difficulties with the implementation of the new system.

Testing of licence issuing identified that have been periods when licence applications have not been processed in a timely manner. These coincided with peaks in the Covid-19 outbreak, when officers in Environmental Health had to prioritise the Council's Covid-19 response. As licences are now being processed promptly, therefore a recommendation has not been raised.

Assurance Review of Accountancy Services

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Treasury Management	0	0	1	0
Asset Management	0	0	1	0
Total	0	0	1	0

No recommendations have been raised in respect of budgetary control, journals, general ledger maintenance and control accounts.

SCOPE

These key financial systems feed into the Statement of Accounts and require regular review to confirm the adequacy and effectiveness of controls. The audit reviewed controls in treasury management, budgetary control, journals, general ledger maintenance, control accounts and asset management arrangements.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous report on Accountancy Services (NN/20/05) was issued in February 2020, with a 'Substantial' assurance opinion having raised three needs attention recommendations; two relating to budgetary control and one relating to asset management. This indicates a high level of internal control is being maintained.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The budget for 2021/22 was presented to Cabinet 1st February 2021 and Full Council on 24th February 2021 for approval in accordance with a set timetable and was promptly uploaded onto the Finance system.
- The Treasury Management Strategy for 2021/22 was approved by Council in February 2021. The Strategy explains the Council's approach to treasury management and defines the counterparties and limits that are allowed for investments.
- Investments were recorded to confirm compliance with the Treasury Management Strategy and approved in accordance delegated levels of authority.
- Regular management and performance information is produced and reported to senior management and Members. A treasury management report is presented to members on a bi-annual basis (mid-year and at year-end). The report to Cabinet on 6th September 2021 set out the Treasury Management activities actually undertaken during 2020/21 compared with the Treasury Management Strategy for the year.
- Control accounts, in particular, those for payroll, sales and purchase ledgers, are reconciled each month to ensure that all transactions reconcile to the general ledger. These reconciliations are retained and signed off appropriately. All reconciliations were completed within one month and signed and dated by the preparer and reviewer.

- The general ledger suspense account is reviewed each month to ensure that all long standing items are cleared. This helps ensure all items are posted to the correct account.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where two 'needs attention' recommendations have been made.

Treasury Management

- For prompt independent review of monthly treasury management reconciliations.

Asset Management

- For the asset register to be reconciled in-year, preferably at the end of quarter three, thus allowing easier identification of any discrepancies prior to year-end reconciliation. It will also allow outcomes of audit scrutiny to feed into the Head of Internal Annual Audit Opinion. (In response to the draft report, the Chief Technical Accountant, although agreeing with the recommendation in principle, due to limited activity with acquisitions and disposals and with all staff busy with budget setting during quarter three, was not able to commit to this, at this time, although agreed to keep under review should there be capacity in the team in future; potentially when the new finance system is implemented and the resumption of business as usual. Audit Comment - We acknowledge management's comments and will revisit this during the next audit of this area. In the meantime, the end of year reconciliation for 2020/21 will be reviewed in the NN/22/02 Key Controls review currently in progress, so as to provide some coverage of the reconciliation process).

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

All three recommendations were confirmed as implemented through internal audit cyclical follow up checks.

Follow Up on Internal Audit Recommendations 30 November 2021 to 25 February 2022

Summary:

This report provides an overview of progress made in implementing agreed audit recommendations due for completion within the period covered by this report.

Conclusions:

Progress continues to be made in addressing audit recommendations.

Recommendations:

It is recommended that the Committee notes management action taken to date regarding the delivery of audit recommendations.

Cabinet member(s):

Ward(s) affected:

All

All

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1. Background

- 1.1. In accordance with an agreed action at the previous GRAC, internal audit has agreed to increase follow up reporting to highlight progress made against outstanding internal audit recommendations. This report will now be provided to the committee at every meeting.
- 1.2. This report now seeks to provide an update on the status of all internal audit recommendations, highlighting management responses where any are over the agreed deadline for completion.

2. Overall Position

- 2.1. The overall position in relation to the implementation of Internal Audit Recommendations is within the attached report.

3. Conclusion

- 3.1 We strongly recommend that officers focus on completing recommendations raised during 2018/19 and 2019/20 as these are now significantly overdue.

4. Recommendation

- 4.1 It is recommended that the Committee notes management action taken to date regarding the delivery of audit recommendations.

Appendices attached to this report:

Follow Up Report on Internal Audit Recommendations

Eastern Internal Audit Services



NORTH NORFOLK DISTRICT COUNCIL

Follow Up Report on Internal Audit Recommendations

Period Covered: 30 November 2021 to 25 February 2022

Responsible Officer: Faye Haywood – Head of Internal Audit for North Norfolk DC

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1. INTRODUCTION

- 1.1 This report is being issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:
1. The status of agreed actions.

2. STATUS OF AGREED ACTIONS

- 2.1 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to this Committee. Verification work is also undertaken for those recommendations that are reported as closed.
- 2.2 **Appendix 1** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken and identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round.
- 2.3 A total of 40 recommendations were raised during 2018/19. A total of 38 have been completed. Two recommendations are outstanding (one important, one needs attention). The important recommendation can be seen at **Appendix 2** to the report.

Number raised to date	40	
Complete	38	95%
Outstanding	2	5%

- 2.4 A total of 56 recommendations were agreed in 2019/20. A total of 39 have now been completed. A total of 17 recommendations, eight important and nine needs attention recommendations are outstanding. Outstanding important recommendations can be seen at **Appendix 3** to the report.

Number raised to date	56	
Complete	39	70%
Outstanding	17	30%

- 2.5 A total of 33 recommendations were raised in 2020/21. A total of 28 have been completed. A total of five recommendations are outstanding, four important and one needs attention. The details of the important outstanding recommendations can be seen at **Appendix 4** to the report.

Number raised to date	33	
Complete	28	85%
Outstanding	5	15%

- 2.6 A total of 36 recommendations have so far been raised in 2021/22. A total of four have now been completed, one important recommendation is outstanding and 31 are within deadline. The details of the important outstanding recommendation can be seen at **Appendix 5** to the report.

Number raised to date	36	
Complete	4	11%
Outstanding	1	3%
Within Deadline	31	86%

APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed bt 30 November 2021 and 25 February 2022			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
Audit Ref	Audit Area	Assurance Level													
2017/18 Internal Audit Reviews															
NN1803	Land Charges	Reasonable		1								0			
2018/19 Internal Audit Reviews															
NN1906	Accounts Payable	Reasonable			1							0			
NN1914	Environmental Health	Reasonable					1	1				2			
2019/20 Internal Audit Reviews															
NN2004	S106 Agreements	Reasonable					4					4			
NN2005	Accountancy Services	Substantial						1				1			
NN2006	Accounts Receivable	Reasonable						2				2			
NN2009	Planning and Development	Reasonable					2					2			
NN2015	Business Continuity and Disaster Recovery	Reasonable						2				2			
NN2011	Key Controls and Assurance	Substantial						1				1			
NN2001	Project Management Framework	Position Statement		5								0			
NN2017	GIS Application	Reasonable					2	3				5			
2020/21 Internal Audit Reviews															
NN2106	Payroll and Human Resources	Substantial			1							1			
NN2112	Cromer Tennis Hub	No Assurance	6	4								0			
NN2111	Remote Access	Reasonable		3	1		2	1				3			
NN2107	Procurement Contract Management	Position Statement		1			2					2			
2021/22 Internal Audit Reviews															
NN2203	Performance Management, Corporate Policy and Business Planning	Reasonable			1							0			1
NN2205	Project Management Framework	Reasonable										0		4	7
NN2201	Annual Governance Statement	Reasonable			1							0		1	2
NN2209	Covid-19 Business Grants	Reasonable										0		4	
NN2210	Customer Services	Substantial										0			3
NN2207	Accounts Receivable	Substantial										0			2
NN2214	Environmental Health	Reasonable										0		3	2
NN2208	Income	Reasonable								1		1		1	1
TOTALS			6	14	5	0	13	11	0	1	0	25	0	13	18

APPENDIX 2 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2018/19 AUDIT REVIEWS

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN1914 Environmental Health	Recommendation 2: An updated version of the licence register is published on the Council's website, using the method used prior to Assure implementation if necessary.	2	Agreed	Environmental Protection Manager	30/05/2019	31/03/2022	6	Outstanding	This is currently being worked on, and it is expected that an updated version of the license register will be published on the Council's website by the end of March 2022.

APPENDIX 3 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20 AUDIT REVIEWS

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2004 - Section 106 Agreements	Recommendation 1: Individual obligations and triggers from S106 agreements are recorded and monitored on a systematic basis, by a designated officer.	2	Agreed, but requires a single officer to be designated for monitoring of S106.	AD Planning	30/04/2020	30/06/2022	3	Outstanding	Awaiting budget decision on S106 Monitoring Officer role due February 2022. Recruit officer upon confirmation, delivery bespoke S106 software programme (Exacom) June 2022.
NN2004 - Section 106 Agreements	Recommendation 2: Deadlines for spending financial contributions be recorded with each sum received. Deadlines to be routinely monitored and decisions made in respect of the use of monies at agreed intervals prior to deadlines approaching, including the two cases found where the deadlines had passed.	2	Agreed.	AD Planning	30/04/2020	30/06/2022	4	Outstanding	Awaiting outcomes of February Budget bid S106 Monitoring Officer Post. S106 Monitoring Software project Exacom progressed to contract exchange, project plan. Delivery due no later than 30 June 2022.

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2004 - Section 106 Agreements	Recommendation 4: Parish and town councils are regularly informed of money from S106 agreements that is available for them to spend and be required to submit expenditure commitments within given deadlines, giving explanations for monies held for extended periods with no commitments, through a quarterly statement of existing and new receipts that is updated and returned to the Councils designated officer.	2	Agreed. Short term – pre 30/04/2020 lead by quarterly meeting with group accountant. Mid / longer term Post 30/04/2020 software is publically viewable and monitoring officer will be tasked with contacting PC/ TC.	AD Planning	31/01/2020	30/06/2022	4	Outstanding	Awaiting outcome February 2022 budget bid S106 Monitoring Officer post. Exacom software due for Go Live no later June 2022. Currently Town & Parish Council funding details available on request post Exacom& s106 Monitoring officer available funding visible via web pages.
NN2004 - Section 106 Agreements	Recommendation 5: The process for approving the expenditure of S106 funds and ensuring that it is in accordance with the agreement be formally agreed and consistently applied, with evidence retained.	2	Agreed. Process map to be agreed by the Major Projects Manager, or the Head of Planning and group accountant.	AD Planning	31/01/2020	30/06/2022	5	Outstanding	Currently requests made to Planning team, agreed with finance and invoices supplied / retained. Exacom Software Go live June 2022, S106 Monitoring officer budget bid Feb 2022, with bespoke system and decimated officer producing infrastructure funding statement. Will be complete by the end of June 2022.
NN2009 - Planning Applications and Development Management	Recommendation 2: Response time targets and fees for pre-application work be reviewed, to ensure that they enable good quality, timely responses to be provided to applicants.	2	Agreed, but to be actioned post go-live of UNIFORM system. NNDC customer satisfaction survey to correlate with review of Pre-application advice service. This will commence on 1st July 2020, to complete by 31st October 2020.	AD Planning	31/10/2020	30/06/2022	4	Outstanding	Subject to agreed actions in relevant team plan (objective 5) deliver pre app service review by June 2022. Undertake a full process and procedure review of all DM and Major related pre-application advice services offered by the Council including engagement with applicants and agents, and key stake holders including affected communities to ensure services are fit for purpose and can deliver better planning outcomes.
NN2009 - Planning Applications and Development Management	Recommendation 4: Monthly reconciliations of planning fee income be reinstated and subject to independent review.	2	Agreed.	AD Planning	01/04/2020	30/06/2022	4	Outstanding	Meeting being planned with Finance to exploit UNIFORM software to enable monthly reconciliations. Will be complete by the end of June 2022.

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2017 – Cadcorp SIS (GIS) Application Audit	Recommendation 2: The Council to ensure that the formally documented operational Cadcorp policies and procedures are reviewed on a regular basis.	2	Agreed. We have documentation but it does need reviewing and updating and with a new member for the team to be recruited it will be ideal timing to bring them up to speed too	ICT Applications Manager	31/07/2020	31/03/2022	4	Outstanding	This work is delayed due to insufficient resources in the GIS team. Measures to address this have been approved by CLT and a minor restructure and recruitment is being implemented. This work has been made a priority for the new Applications Manager who is now in post.
NN2017 – Cadcorp SIS (GIS) Application Audit	Recommendation 1: Management to ensure the GIS service is resourced appropriately according to workload to ensure that continued appropriate seamless support and resilience for the Cadcorp environment is put in place.	2	Agreed. The role of GIS administrator has been recruited and the successful candidate starts in post on 14 February 2020.	ICT Applications Manager	01/05/2020	31/03/2022	4	Outstanding	This work is delayed due to insufficient resources in the GIS team. Measures to address this have been approved by CLT and a minor restructure and recruitment is being implemented. This work has been made a priority for the new Applications Manager who is now in post.

APPENDIX 4 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21 AUDIT REVIEWS

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2111 Remote Access	Recommendation 2: ICT management to review the Information Security Incident Management Policy to ensure this is up-to-date and reflects the latest processes and controls.	2	Agreed.	Network Manager	31/10/2021	31/03/2022	2	Outstanding	The review of the IT incident policy is ongoing. It is expected this will be completed by 31 March 2022.
NN2111 Remote Access	Recommendation 3: IT management to undertake a communications exercise on completion of the updated Information Security Incident Management Policy to ensure all relevant staff are aware of the correct procedures.	2	Agreed.	Network Manager	30/11/2021	28/02/2022	1	Outstanding	This cannot be done until the review of IT incident policy is finished – recommend extending this date to 28/02/2022.
NN2107 Procurement Contract Management	Action 3: That management review and update the Business Continuity Plan, and other relevant policies in light of the COVID response, including reference to review of contracts.	2	Agreed.	Civil Contingencies Manager	31/08/2021	30/06/2022	3	Outstanding	Due to ongoing staff absence we acquired additional temporary resource from Norfolk County Council to support our civil contingencies work. The Civil Contingencies Officer is now back at work on a part time basis initially and the aim is for this piece of work to be completed by June 2022.
NN2107 Procurement Contract Management	Action 6: A pragmatic and feasible process for regular review of 'off contract' spend is agreed. Consideration to be given to including the contracts register, and mechanisms for automatically identifying 'off contract' payments within the scope of the new finance system.	2	Agreed.	Chief Technical Accountant	30/09/2021	30/04/2023	2	Outstanding	This has been brought in-scope for the new Finance System that is due to be implemented by April 2023. The Procurement Officer is currently undertaking a review using a more manual process. Therefore, I suggest the due date be amended to April 2023. We will continue in the meantime with manual processes.

APPENDIX 5 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22 AUDIT REVIEWS

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2208 Income	Recommendation 2: All monthly bank reconciliations to be completed and reviewed promptly at the end of each month.	2	Agreed.	Senior Finance Officer	31/12/2021	31/05/2022	1	Outstanding	Reconciliations are always started promptly at the start of the following month. The direct Credits account rec is totally up to date (Jan 22) and the Receipts accounts is currently being worked on. It is expected that monthly bank reconciliations will all be completed, reviewed and up to date by 31 May 2022.

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STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2022/23

Summary:

This report provides an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2022/23 to 2025/26 and the Annual Internal Audit Plan for 2022/23. The Annual Internal Audit Plan will then serve as the work programme for the Council's Internal Audit Services Contractor; TIAA Ltd. It will also provide the basis for the Annual Audit Opinion on the overall adequacy and effectiveness of North Norfolk District Council's framework of governance, risk management and control.

Conclusions:

The attached report provides the Council with Internal Audit Plans that will ensure key business risks will be addressed by Internal Audit, thus ensuring that appropriate controls are in place to mitigate such risks and also ensure that the appropriate and proportionate level of action is taken.

Recommendations:

It is recommended that the Committee notes and approves:

a) the Internal Audit Strategy

b) the Strategic Internal Audit Plans 2022/23 to 2025/26; and

c) the Annual Internal Audit Plan 2022/23.

Cabinet member(s):

All

Contact Officer, telephone number,
and e-mail:

Ward(s) affected:

All

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1. Background

- 1.1 The Accounts and Audit Regulations 2015 require that "a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".
- 1.2 Those standards are set out in the Public Sector Internal Audit Standards (PSIAS) which came into effect in April 2013

2. Overall Position

2.1 The attached report contains;

- the Internal Audit Strategy, which is a strategic high level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities;
- the Strategic Internal Audit Plan, which details the plan of work for the next 3 financial years;
- the Annual Internal Audit Plan, which details the timing and the purpose of each audit agreed for inclusion in 2022/23.

3. Conclusion

3.1 The attached report provides the Council with Internal Audit Plans that will ensure key business risks will be addressed by Internal Audit, thus ensuring that appropriate controls are in place to mitigate such risks and also ensure that the appropriate and proportionate level of action is taken.

4. Recommendation

4.1 It is recommended that the Committee notes and approves:

- a) the Internal Audit Strategy
- b) the Strategic Internal Audit Plans 2022/23 to 2025/26; and
- c) the Annual Internal Audit Plan 2022/23.

Appendices attached to this report:

Strategic and Annual Internal Audit Plans 2022/23.

Eastern Internal Audit Services



NORTH NORFOLK DISTRICT COUNCIL

Strategic and Annual Internal Audit Plans 2022/23

Responsible Officer: Head of Internal Audit for North Norfolk District Council

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1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 The Public Sector Internal Audit Standards (PSIAS) mandate a periodic preparation of a risk-based plan, which must incorporate or be linked to a strategic high-level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities, this is set out in the Internal Audit Strategy.
- 1.3 Risk is defined as 'the possibility of an event occurring that will have an impact on the achievement of objectives'. Risk can be a positive and negative aspect, so as well as managing things that could have an adverse impact (downside risk) it is also important to look at potential benefits (upside risk).
- 1.4 The development of a risk-based plan takes into account the organisation's risk management framework. The process identifies the assurance (and consulting) assignments for a specific period, by identifying and prioritising all those areas on which objective assurance is required. This is then also applied when carrying out individual risk based assignments to provide assurance on part of the risk management framework, including the mitigation of individual or groups of risks.
- 1.5 The following factors are also taken into account when developing the internal audit plan:
 - The risk profile and maturity of the Council;
 - Previous assurance gradings given in each area;
 - Any declarations to avoid conflicts of interest;
 - The requirements of the use of specialists e.g. IT auditors;
 - Striking the right balance over the range of reviews needing to be delivered, for example systems and risk-based reviews, specific key controls testing, value for money and added value reviews;
 - Allowing contingency time to undertake ad-hoc reviews or fraud investigations as necessary;
 - The time required to carry out the audit planning process effectively as well as regular reporting to and attendance at Governance Risk and Audit Committee, the development of the annual report and opinion and the Quality Assurance and Improvement Programme.
- 1.6 In accordance with best practice the Governance, Risk and Audit Committee should ‘*review and assess the annual internal audit work plan*’.

2. INTERNAL AUDIT CHARTER

- 2.1 There is an obligation under the PSIAS for the Charter to be periodically reviewed and presented. This Charter is therefore reviewed annually by the Head of Internal Audit to confirm its ongoing validity and completeness, and presented to the Section 151 Officer, Senior Management and the Governance Risk and Audit Committee every two years, or as required for review. The Charter was last approved in 2021 and will therefore not need to be reviewed and approved by the Committee this year.

- 2.2 As part of the review of the Audit Charter the Code of Ethics are also reviewed by the Head of Internal Audit, and it is ensured that the Internal Audit Services contractor staff, as well as the Head of Internal Audit and Internal Audit Trainee adhere to these, specifically with regard to; integrity, objectivity, confidentiality and competency. Formal sign off to acceptance of the Code of Ethics is retained by the Eastern Internal Audit Services.

3. INTERNAL AUDIT STRATEGY

- 3.1 The purpose of the Internal Audit Strategy (**see Appendix 1**) is to confirm:
- How internal audit services will be delivered;
 - How internal audit services will be developed in accordance with the internal audit charter;
 - How internal audit services links to organisational objectives and priorities; and
 - How the internal audit resource requirements have been assessed.

4. STRATEGIC INTERNAL AUDIT PLAN

- 4.1 The overarching objective of the Strategic Internal Audit Plan (**see Appendix 2**) is to provide a comprehensive programme of review work over the next three years, with each year providing sufficient audit coverage to give annual opinions, which can be used to inform the organisation's Annual Governance Statement.
- 4.2 The coverage over the forthcoming three years has been discussed with the Corporate Leadership Team to ensure audits are undertaken at the right time, at a time where value can be added, as well as ensuring sufficient coverage for an Annual Opinion on the framework of governance, risk management and control. The discussions also went into greater detail in relation to the scope of the audits for the forthcoming financial year.

5. ANNUAL INTERNAL AUDIT PLAN

- 5.1 Having developed the Strategic Internal Audit Plan, the Annual Internal Audit Plan is an extract of this for the forthcoming financial year (**see Appendix 3**). The plan includes the areas being reviewed by Internal Audit, the number of days for each review, the quarter during which the audit will take place and a summary and purpose of the review.
- 5.2 The Annual Internal Audit Plan for 2022/23 totals 174 days, encompassing 16 internal audit reviews, two of which cover IT processes.
- 5.3 Audit verification work concerning audit recommendations implemented to improve the Council's internal control environment will also be undertaken throughout the financial year.
- 5.4 Depending on any changes to the control environment over the year, the annual internal audit plan may need to be revised to respond to emerging risks. The Head of Internal Audit will regularly review the Corporate Risk Register and report through to the Committee any necessary changes to the plan of work.

APPENDIX 1 – INTERNAL AUDIT STRATEGY



EASTERN INTERNAL AUDIT SERVICES

INTERNAL AUDIT STRATEGY FOR 2022/23

1. Introduction

- 1.1 The Internal Audit Strategy is a high-level statement of;
- how the internal audit service will be delivered;
 - how internal audit services will be developed in accordance with the internal audit charter;
 - how internal audit services links to the organisational objectives and priorities; and
 - how the internal audit resource requirements have been assessed.

The provision of such a strategy is set out in the Public Sector Internal Audit Standards (the standards).

- 1.2 The purpose of the strategy is to define the objectives, function, the approach, resources and processes needed to achieve Internal audit service, providing a clear link between the Charter and the annual plan.
- 1.3 Throughout this strategy the term 'The Authority' or 'Authority' references any member of the Eastern Internal Audit Services Consortium. The term 'Audit Committee' is used throughout to refer to each Authorities Audit Committee or equivalent.

2. How the internal audit service will be delivered

- 2.1 The Role of the Head of Internal Audit and contract management is provided by South Norfolk Council to; Breckland, Broadland, North Norfolk, South Holland and South Norfolk District Councils, Great Yarmouth Borough Council, the Broads Authority and from April 2022, Norwich City Council. All Authorities are bound by a Partnership Agreement.
- 2.2 The delivery of the internal audit plans for each Authority is provided by an external audit contractor, who reports directly to the Head of Internal Audit at South Norfolk Council. Following a successful procurement exercise the new contract with TIAA Ltd will commence from 1 April 2022 ending 31 March 2028 with the option to extend for a further term of two plus two.

3. How internal audit services will be developed in accordance with the internal audit charter

3.1 Internal Audit objective and outcomes

- 3.1.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Authority's operations. It helps the Authority accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- 3.1.2 The outcomes of the internal audit service are detailed in the Internal Audit Charter and can be summarised as; delivering a risk-based audit plan in a professional, independent manner, to provide the Authority with an opinion on the level of assurance it can place upon the internal control environment, systems of risk management and corporate governance arrangements, and to make recommendations to improve these provisions, where further development would be beneficial.
- 3.1.3 The reporting of the outcomes from internal audit is through direct reports to senior management in respect of the areas reviewed under their remit, in the form of an audit report. The Audit and Risk Committee and the Section 17 Officer also receive:
- The Audit Plans Report, which is risk based and forms the next financial year's plan of work; and
 - The Annual Report and Opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.
- 3.2 Internal Audit Planning
- 3.2.1 A risk-based internal audit plan (RBIA) is established in consultation with senior management that identifies where assurance and consultancy is required.
- 3.2.2 The audit plan establishes a link between the proposed audit areas and the priorities and risks of the Authority considering:
- Stakeholder expectations, and feedback from senior and operational managers;
 - Objectives set in the strategic plan and business plans;
 - Risk maturity in the organisation to provide an indication of the reliability of risk registers;
 - Management's identification and response to risk, including risk mitigation strategies and levels of residual risk;
 - Legal and regulatory requirements;
 - The audit universe – all of the audits that could be performed; and
 - Previous Internal Audit plans and the results of audit engagements.
- 3.2.3 In order to ensure that the internal audit service adds value to the Authority, assurance should be provided that major business risks are being managed appropriately, along with providing assurance over the system of internal control, risk management and governance processes.
- 3.2.4 Risk based internal audit planning starts with the Authority's Business Plan, linking through to the priority areas and the related high-level objectives. The focus is then on the risks, and opportunities, that may hinder, or help, the achievement of the objectives. The approach also focuses on the upcoming projects and developments for the Authority.
- 3.2.5 The approach ensures; better and earlier identification of risks and increased ability to control them; greater coherence with the Authority's priorities; an opportunity to engage with stakeholders; the Committee and Senior Management better understand how the internal audit service helps to accomplish its objectives; and this ensures that best practice is followed.
- 3.2.6 The key distinction with establishing plans derived from a risk based internal audit approach is that the focus should be to understand and analyse management's assessment of risk and to base audit plans and efforts around that process.
- 3.2.7 Consultation with the Section 151 Officer and Senior Management takes place through discussion during which current and future developments, changes, risks and areas of concern are considered and the plan amended accordingly to take these into account.

3.2.8 The outcome of this populates the annual internal audit plan, which is discussed with and approved by senior management prior to these being endorsed by the Audit Committee. In addition, External Audit is also provided with details of the plans.

3.3 Internal Audit Annual Opinion

3.3.1 The annual opinion provides Senior Management and the Audit Committee with an assessment of the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.

3.3.2 The opinion is based upon:

- The summary of the internal audit work carried out;
- The follow up of management action taken to ensure implementation of agreed action as at financial year end;
- Any reliance placed upon third party assurances;
- Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
- The Annual Review of the Effectiveness of Internal Audit, which includes;
 - A statement on conformance with the Public Sector Internal Audit standards and the results of any quality assurance and improvement programme,
 - the outcomes of the performance indicators and
 - the degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.

3.3.3 In order to achieve the above, Internal Audit operates within the standards and uses a risk based approach to audit planning and to each audit assignment undertaken. The control environment for each audit area reviewed is assessed for its adequacy and effectiveness of the controls and an assurance rating applied.

4. **How internal audit services links to the organisational objectives and priorities**

4.1 In addition to the approach taken as outlined in section 3.2 (Internal Audit Planning), which ensures that the service links to each Authorities objectives and priorities and thereby through the risk based approach adds value, internal audit also ensure an awareness is maintained of local and national issues and risks.

4.2 The annual audit planning process ensures that new or emerging risks are identified and considered at a local level. This strategy ensures that the planning process is all encompassing and reviews the records held by the Authority in respect of risks and issue logs and registers, reports that are taken through the Authority Committee meetings, and through extensive discussions with senior management.

4.3 Awareness of national issues is maintained through the contract in place with the external internal audit provider through regular "horizon scanning" updates, and annually a particular focus provided on issues to be considered during the planning process. Membership and subscription to professional bodies such as the Institute of Internal Auditors and the CIPFA on-line query service, liaison with External Audit, and networking, all help to ensure developments are noted and incorporated where appropriate.

4.4 Each Authorities risk profile will be evaluated throughout each year, and if required, amendments to the Internal Audit Plan will suggested for approval to ensure that Internal Audit coverage continues to focus on providing assurance over the Authorities key risks.

4.5 Coverage and testing plans for each audit are determined using the following principles:

- The number of days allocated to each review is considered based on the complexity of the area being audited factoring in audit scoping, testing time and quality assurance processes.
- Key management assurance controls will be prioritised during testing to confirm that risks identified by the service area and internal audit during scoping are being monitored and managed.
- Ordinarily, samples for each control tested will be selected to cover a 12-month period to ensure that internal audit coverage supports the annual internal audit opinion.
- Testing sample sizes will ordinarily be based on the frequency of the control. By way of example; for each key financial control carried out weekly, a sample of four, one in each quarter across the year will be selected.
- Testing samples will be selected randomly and objectively to provide a balanced view on the strength of the controls in place.
- Where applicable data analytics will be used to test 100% of the available sample. The Internal Audit team will aim to increase the opportunities to adopt data analytics in their work to provide greater levels of assurance.

5. How internal audit resource requirements have been assessed

- 5.1 The in-house Internal Audit team at South Norfolk Council consists of the Head of Internal Audit who is a Chartered professional and an Internal Audit Trainee, currently training to become part qualified with the Chartered Institute of Internal Auditors.
- 5.2 These resources are used to contract manage the outsourced provider effectively, ensuring that the key performance measures of the service are met on behalf of consortium members. The team also provides Internal Audit management support to one other Council outside of the Consortium.
- 5.3 The Internal Audit Trainee has recently been appointed to enhance continuity arrangements and contribute towards building succession opportunities within the Consortium.
- 5.4 Through utilising a contractor, the risk based internal audit plan can be developed without having to take into account the existing resources, as you would with an in-house team, thus ensuring that audit coverage for the year is appropriate to the Authority's needs and not tied to a particular resource.
- 5.5 A core team of staff is provided by the contractor to deliver the audit plan, and these staff bring with them considerable public sector knowledge and experience. These core staff can be supplemented with additional staff should the audit plan require it, and in addition specialists, e.g. information technology auditors, contract auditor, fraud specialists, can be drafted in to assist in completing the internal audit plan and focusing on particular areas of specialism.
- 5.6 All audit professionals are encouraged to continually develop their skills and knowledge through various training routes; formal courses of study, in-house training, seminars and webinars. As part of the contract with TIAA Ltd the contractor needs to ensure that each member of staff completes a day's training per quarter.

- 5.7 The above-mentioned arrangements ensure that the Internal Audit Service is able to respond effectively to the assurance needs of each Authority whilst ensuring that the core team used are sufficiently qualified and experience.

APPENDIX 2 – STRATEGIC INTERNAL AUDIT PLAN

Audit Area	Last review & assurance	Corporate Risk Register	Justification	2022/23	2023/24	2024/25	2025/26
Annual Opinion and Corporate audits							
Corporate Governance	2018/19 - Reasonable 2020/21 - Reasonable	SR006 Governance (Council acts outside established procedures or unlawfully) - Medium	Medium risk raised in corporate risk register. Audit added to 2022/23 plan.	8			8
Complaints and FOI	New Area				8		
Risk Management	2017/18 - Substantial 2019/20 - Reasonable			6			6
Key Controls and Assurance	2020/21 Reasonable 2021/22 - TBC	Critical to annual internal audit opinion		10	15	10	15
Annual Governance Statement	2021/22 - Reasonable						
Coronavirus Pandemic Recovery	2020/21 - Position Statement						
Procurement and Contract Management	2019/20 - Reasonable 2020/21 - Position Statement				10		
Performance Management, Corporate Policy and Business Planning (includes commercialisation strategy)	2017/18 - Substantial 2021/22 - Reasonable	SR004 Strategic (Corporate Plan and Projects may not be delivered within agreed timescales or budget) - Medium	Reasonable assurance grading given for this area in 2021/22. Review scheduled in for 2023/24 to follow up and provide assurance that risk continues to be managed.		12		12
Project Management Framework	Position Statement Cromer Tennis Hub 2020/21 No Assurance 2021/22 - Reasonable	SR007 Reputation (Council's reputation is adversely affected) - Medium SR008 Corporate Project related risks - Medium	Reasonable assurance grading given for this area in 2021/22. Review scheduled in for 2023/24 to follow up and provide assurance that risk continues to be managed.		10		10
Corporate Health and Safety	New Area			10			
Counter Fraud and Corruption Framework	2021/2022 - Limited					8	
Elections and Electoral Registration	2014/15 - Substantial 2018/19 - Substantial				10		

Audit Area	Last review & assurance	Corporate Risk Register	Justification	2022/23	2023/24	2024/25	2025/26
Fundamental Financial Systems							
Accountancy Services includes control accounts, banking, bank reconciliation, asset management / capital expenditure, budgetary control and treasury management	2019/20 - Substantial 2021/22 - TBC	SR001 Financial (including credit & counterparty) - Medium	Results of 2021/22 audit of accountancy services pending to provide assurance over this risk. Audit scheduled in bi-annually.		16		16
Accounts Payable (insurance)	2018/19 - Reasonable 2020/21 - Substantial			12		12	
Accounts Receivable	2019/20 Reasonable 2021/22 - Substantial				10		10
Income	2019/20 - Reasonable 2021/22 - Reasonable				7		7
Council Tax and National Non-Domestic Rates	2018/19 - Substantial 2020/21 - Substantial			15		15	
Covid Business Grants	2021/22 - Reasonable						
Local Council Tax Support and Housing Benefits	2018/19 - Substantial 2020/21 - Reasonable			15		15	
Payroll and Human Resources	2016/17 - Reasonable 2020/21 - Substantial	SR002 Operational capacity prevents the achievement of the Council's aims - High	Review required due to high risks raised in Corporate Risk Register	12		12	
Service Area audits							
Finance Assets and Legal							
Democratic Services	2016/17 - Reasonable					8	
Commercial Estates	2016/17 - Substantial 2019/20 - Reasonable				10		
Legal Services	New specific area			10			

Audit Area	Last review & assurance	Corporate Risk Register	Justification	2022/23	2023/24	2024/25	2025/26
People Services							
Early Help Hub	New audit area					10	
Housing Strategy Homelessness and Housing Options	2015/16 - Reasonable 2018/19 - Reasonable				12		
Private Sector Housing -includes DFGs and discretionary grants	2016/17 - Reasonable 2020/21 - Reasonable				10		
Sustainable Growth							
Economic Growth	2013/14 - Reasonable 2021/22 - Deferred	SR003 Macroeconomic (national/global recession resulting in business failure and unemployment) - High	Review required due to high risks raised in Corporate Risk Register	10			
Coastal Management	2014/15 - Reasonable 2019/20 - Substantial				10		
Environmental Charter	2021/22 - TBC	SR005 Environmental and Social (Council fails to take into account changing environmental and social needs) - High	High risk raised in Corporate Risk Register. Results from review of pending 2021/22 audit will inform coverage requirements for future years.				8
Affordable Housing and Housing Enabling	2019/20 - Reasonable					10	
Communities Environment and Leisure							
Waste Management including contract / agreement monitoring, income collection & monitoring, refuse collection, street cleansing, recycling, clinical waste, abandoned vehicles and grounds maintenance	2017/18 - Reasonable 2021/22 - TBC					12	
Leisure	2015/16 - Reasonable 2019/20 - Substantial				10		
Pier Pavilion	2015/16 - Reasonable 2018/19 - Reasonable			8			
Car Parking	2017/18 - Reasonable 2019/20 - Reasonable					10	
Markets	2016/17 - Substantial				6		
Parks and Open Spaces and Woodland Management	2015/16 - Reasonable					10	
Environmental Health includes emergency planning, food safety, environmental protection, pest control, dog warden, licensing and pollution control	2018/19 Reasonable 2021/22 - Reasonable					10	
Environmental Protection	New Area				10		
Civil Contingencies and Business Continuity	New Area					10	

Audit Area	Last review & assurance	Corporate Risk Register	Justification	2022/23	2023/24	2024/25	2025/26
Planning							
Building Control - Deferred 2020/21	2017/18 - Substantial			8			
Land Charges	2017/18 - Reasonable						8
Enforcement Empty Homes	New Area				10		
Development Management includes planning applications	2017/18 - Reasonable 2019/20 Reasonable			10			
Section 106 Arrangements	2019/20 - Reasonable					10	
Organisational Resources							
Customer Services	2021/22 - Substantial						10
Property Services - Operational	2016/17 - Substantial 2019/20 - Reasonable			10			
ICT Audits							
Network Infrastructure and Security	2014/15 - Limited 2018/19 Reasonable						
Change and Patch Management	2021/22 - TBC						
Remote Access	2020/21 - Reasonable						
Business Support Arrangements	2018/19 Reasonable					10	
Disaster Recovery	2017-18 Reasonable 2019/20 - Reasonable			10			
Information Management	2021/22 -TBC						
Applications review: Finance system HR system, Revenues and Benefits	New specific area			10	10		
Data Quality						10	
Cyber Security	2019/20 - Reasonable				10		
Audits to be confirmed				0	0	0	20
Follow Up of audit recommendations							
Follow up - internal audit recommendations				10	10	10	10
Total number of days				174	206	192	140

APPENDIX 3 – ANNUAL INTERNAL AUDIT PLAN 2022/23

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Annual Opinion / Governance audits						
Corporate Governance	8			8		A medium risk is included on the corporate risk register regarding governance and decision making. A regular review of this area is undertaken to support the annual opinion. We will evaluate the controls to demonstrate the Council is following the constitution when making and reporting on key decisions.
Key Controls and Assurance	10				10	This is an annual review of key controls and feeds into the Statement of Accounts, for those systems not subject to an audit review within the year more coverage will be provided in those areas.
Corporate Health and Safety	10	10				This area has not been reviewed at the Council before. An audit of Corporate Health and Safety controls will establish the robustness of the H&S management system including, procedures, reporting of incidents/accidents/near misses, H&S Boards, staff training and risks assessments.
Risk Management	6		6			A position statement will be provided by the HOIA to support the improvement of the risk management framework. This work will provide insight into risk articulation and reporting of corporate level risks.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Fundamental Financial Systems						
Accounts Payable (Insurance)	12			12		These key financial systems feeds into the Statement of Accounts and annual HOIA Opinion and require regular review to confirm the adequacy and effectiveness of controls in this area.
Council Tax and National Non-Domestic Rates	15			15		
Local Council Tax Support and Housing Benefits	15			15		
Payroll and Human Resources	12				12	These key financial systems feeds into the Statement of Accounts and annual HOIA Opinion and require regular review to confirm the adequacy and effectiveness of controls in this area. In addition a high scoring risk is being managed on the Corporate Risk Register relating to workforce capacity. This review will provide assurance on resource management controls.
Service area audits						
Legal Services	10	10				This area has not been audited at the Council before. Our review will provide assurance that legal services budgets are well managed. That legal services are instructed in line with procedures and the SLA between the Council and the provider is being upheld.
Property Services Operational	10			10		This area has not been reviewed recently. A position statement will be provided to provide assurance over the Councils management of operational assets including Health and Safety related compliance and management of capital works required to maintain assets particularly for new temporary housing assets.
Pier Pavilion	8		8			The Council has just agreed to extend the Pier Management contract for a further five years and is considering exploring a risk sharing approach for the 2022 Seaside Special Production. Internal Audit will provide assurance that adequate assurance is being received from the provider and that reputational and financial risks are being well managed.

Service area audits						
Economic Growth	10				10	This audit was deferred from the 2020/21 and 2021/22 plan. A high scoring risk has been raised in the Corporate Risk Register in relation to the impact of Covid-19 on local businesses and the wider economy. The Council has committed to boosting business sustainability and growth in the corporate plan. Due to Covid-19 some objectives have been delayed. This audit will review the progress against developing and implementing a new Economic Growth Strategy and provide assurance that opportunities for economic growth are being adequately evaluated, that existing projects are being well managed and that local businesses are being provided with the support required.
Building Control	8		8			This audit was deferred from the 2020/21 plan to prioritise assurance on the Covid-19 Pandemic. Building Control was last reviewed in 2017/18. Our review will provide assurance over income and budget management, the service strategy and customer satisfaction assurance.
Development Management includes planning applications	10				10	This area was last reviewed in 2019/20. New planning software has now been implemented. Our audit will provide assurance on the processing of applications in line with statutory requirements.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
ICT Audits						
Applications review: Finance System Upgrade	10	10				The Council is due to upgrade its Financial system in 2022/23. Internal Audit will support this project by providing a position statement, providing advice on project governance, financial controls and IT system implementation.
Disaster Recovery	10		10			A number of improvements have been made to the Councils DR capabilities. An audit of Disaster Recovery will provide assurance that these improvements can be relied upon to support the timely recovery of systems during a critical incident.
Follow Up - Internal Audit recommendations	10	2.5	2.5	2.5	2.5	Follow up of agreed internal audit recommendations to ensure that these have been appropriately addressed by management and the risks mitigated.
Total number of days	174	32.5	34.5	62.5	44.5	

Governance, Risk and Audit Committee Self-Assessment

- Summary:** The Chartered Institute for Public Finance and Accountancy (CIPFA) document on “audit committees - practical guidance for local authorities and police” sets out the guidance on the function and operation of audit committees. It represents CIPFA’s view of best practice and incorporates the position statement previously issued.
- It is good practice for audit committees to complete a regular self-assessment exercise, to be satisfied that the Committee is performing effectively.
- Conclusion:** During the 2021 self-assessment the Committee considered the Governance Risk and Audit Committee to be mostly in conformance with the CIPFA guidance. Undertaking a regular review of its performance against best practice ensures that the Committee has properly assessed the way in which it discharges its duties.
- Recommendation:** **That the Committee discuss the attached checklist at Appendix 1 to this report from 2021 and consider whether any of the scoring requires amending or whether improvement actions need to be developed in any areas.**

Cabinet member(s): Ward(s) affected:
All All

Contact Officer, telephone number, and e-mail: Faye Haywood, Internal Audit Manager for North Norfolk DC, 01508 533873, fhaywood@s-norfolk.gov.uk

1. Background

- 1.1. The Chartered Institute for Public Finance and Accountancy (CIPFA) document on “audit committees - practical guidance for local authorities and police” sets out the guidance on the function and operation of audit committees. It represents CIPFA’s view of best practice and incorporates the position statement previously issued. The guidance states “the purpose of an audit committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes”.

- 1.2. The Section 151 Officer has overarching responsibility for discharging the requirement for sound financial management, and to be truly effective requires an audit committee to provide support and challenge.
- 1.3. Good audit committees are characterized by; balanced, objective, independent knowledgeable and properly trained members, a membership that is supportive of good governance principles, a strong independently minded chair, an unbiased attitude and the ability to challenge when required.
- 1.4. It is therefore good practice for audit committees to complete a regular self-assessment exercise, to be satisfied that the Committee is performing effectively.
- 1.5. In addition, the Public Sector Internal Audit Standards also call for the audit committee to assess their remit and effectiveness, in relation to Purpose, Authority and Responsibility, to facilitate the work of this Committee.
- 1.6. The Governance, Risk and Audit committee has regularly carried out the self-assessment exercise in the past and has acted where necessary to ensure full compliance with best practice.
- 1.7. The updated guidance provides two tools against which the Committee can assess itself, the first (self-assessment of good practice) supports an assessment against recommended practice to inform and support the Committee. The second assessment tool (evaluating the effectiveness of the audit Committee) helps audit Committee members to consider where it is most effective and where there may be scope to do more. To be effective the Committee should be able to identify evidence of its impact or influence lined to specific improvements.
- 1.8. At the meeting held March 2021, Committee members reviewed and completed the two assessment tools, the results of which can be found at **Appendix 1** of this report.

2. Issues for discussion

- 2.1. The results of the assessment from the previous year have been reviewed with a particular focus on the areas whereby a “partly” answer was provided in 2021.
- 2.2. In relation to question four; is the role and purpose of the Audit Committee understood and accepted across the Authority?

This question had been answered as “partly” in 2019 but moved to a yes in 2021 following an email circulated to members to describe the difference between terms of reference for the Governance Risk and Audit Committee and Overview and Scrutiny.

- 2.3. Questions 14 & 15; relate to training and skills of the Committee.

In 2021, this had been scored “partly”, to allow for the members to be assessed against the CIPFA Core Knowledge and Skills Framework. No further training requirements were identified following the circulation of this document, however it is proposed that it is circulated again this year to ensure that members still feel sufficiently trained in all areas.

- 2.4. **Appendix 1** is attached to this report, which reflects members position on adherence to best practice from 2021. It is recommended that members discuss whether any of the scoring requires amending or whether improvement actions need to be developed in any areas.

4. Conclusion

- 4.1 During the 2021 self-assessment the Committee considered the Governance Risk and Audit Committee to be mostly in conformance with the CIPFA guidance. Undertaking a regular review of its performance against best practice ensures that the Committee has properly assessed the way in which it discharges its duties.

5 Recommendation

- 5.1 That Members discuss the attached checklist at **Appendix 1** to this report from 2021 and consider whether any of the scoring requires amending or whether improvement actions need to be developed in any areas.

Appendices

Appendix 1 – Self Assessment Checklist

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Self-assessment of good practice

This evaluation will support an assessment against recommended practice to inform and support the Audit Committee. This is a high-level review that incorporates the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police. Where an Audit Committee has a high degree of performance against the good practice principle's then it is an indicator that the Committee is soundly based and has in place knowledgeable membership. These are essential factors in developing an effective Audit Committee.

	Good Practice Questions	Yes	Partly	No
	Audit Committee purpose and governance			
1	Does the authority have a dedicated Audit Committee?	√		
2	Does the audit Committee report directly to full council?	√		
3	Do the terms of reference clearly set out the purpose of the Committee in accordance with CIPFA's position statement?	√		
4	Is the role and purpose of the Audit Committee understood and accepted across the authority?	√		
5	Does the Audit Committee provide support to the authority in meeting the requirements of good governance?	√		
6	Are the arrangements to hold the Committee to accounts for its performance operating satisfactorily?	√		
	Functions of the Committee			
7	Do the Committee's terms of reference explicitly address all the core area identified in CIPFA's position statement? <ul style="list-style-type: none"> - Good governance - Assurance framework - Internal audit - External audit - Financial reporting - Risk management - Value for money or best value - Counter fraud and corruption 	√		
8	Is an annual evaluation undertaken to assess whether the Committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	√		
9	Has the audit Committee considered the wider areas identified in CIPFA's position statement and whether it would be appropriate for the Committee to undertake them?	√		
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	N/a		

11	Has the Committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	√		
Membership and support				
12	Has an effective Audit Committee structure and composition of the board been selected? This should include: - Separation from the executive - An appropriate mix of knowledge and skills among the membership - A size of Committee that is not unwieldy - Where independent members are used, that they have been appointed using appropriate process	√		
13	Does the chair of the Committee have appropriate knowledge and skills?	√		
14	Are arrangements in place to support the Committee with briefings and training?		√	
15	Has the membership of the Committee been assessed against the core knowledge and skills framework and found to be satisfactory?		√	
16	Does the Committee have good working relationships with key people and organisations, including external audit, internal audit and the chief finance officer?	√		
17	Is adequate secretariat and administrative support to the Committee provided?	√		
Effectiveness of the Committee				
18	Has the Committee obtained feedback on its performance from those interacting with the Committee or relying on its work?	√		
19	Has the Committee evaluated whether and how it is adding value to the organisation?	√		
20	Does the Committee have an action plan to improve any areas of weakness?	√		

Partly:

Question 4 has been recorded as partly because understanding of the role and purpose of the Committee is considered to be adequate, but it is felt that the Committee could engage Councillors following local elections to ensure the importance, role and value of the Audit Committee is enhanced. Update March 2021 – A reminder email will be sent to all members re the difference between O&S and GRAC but this has now moved to yes.

Question 14 & 15. Following the results of the local elections. Audit and Risk Committee members will be assessed against the CIPFA Core Knowledge and Skills Framework. Any areas for further training will be identified and a programme developed for new members where required. Skills and Knowledge Matrix to be circulated to members again March 2021.

Evaluating the Effectiveness of the Audit Committee

This assessment tool helps Audit Committee members to consider where it is most effective and where there may be scope to do more. To be considered effective, the Audit Committee should be able to identify evidence of its impact or influence linked to specific improvements.

Assessment Key:

- 5 Clear evidence is available from a number of sources that the Committee is actively supporting the improvement across all aspects of this area. The improvements made are clearly identifiable.
- 4 Clear evidence from some sources that the Committee is actively and effectively supporting improvement across some aspects of this area.
- 3 The Committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
- 2 There is some evidence that the Committee has supported improvements, but the impact of this support is limited.
- 1 No evidence can be found that the audit Committee has supported improvements in this area.

Areas where the audit Committee can add value by supporting improvement	Self-evaluation examples, areas of strength & weakness	Assessment 1-5
1. Promoting the principles of good governance and their application to decision making	<p>Effective scrutiny through receipt of internal audit reports quarterly where enough detail is provided for the Governance Risk and Audit Committee to evaluate the adequacy of the governance framework. Annual completion of self-assessment to evaluate effectiveness of governance processes of the Committee.</p> <p>The Committee's independence strengthens their effectiveness and cross-party working is displayed at meetings.</p>	4

2. Contributing to the development of an effective control environment	Half yearly follow up reports are provided to the to show progress against completion of audit recommendations. The committee looks at responses from management and evaluates performance by questioning recommendation responses thoroughly.	4
3. Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	<p>The corporate risk register is now reviewed at each meeting and effective scrutiny of strategic risks faced by the Council takes place.</p> <p>Risk management framework reviewed bi-annually.</p> <p>The Committee examines the financial accounts and risks associated. Every report received by the Committee includes a commentary regarding risks.</p>	4
4. Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	The Committee reviews and approved the risk based internal audit plan of work to ensure that coverage is sufficient. The Committee takes an active role in reviewing progress against follow up, progress against delivery of the internal audit plan, corporate risk register and External Audits plan of work.	4
5. Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	Internal audit plans report includes the audit charter and audit strategy which covers these areas. The Head of Internal Audit and Internal Audit Manager have a direct line to the Chair of the Committee to allow confidential matters to be discussed.	5
6. Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	This is achieved by reviewing the reports received by the Committee on governance risk and control and the annual governance statement, internal audit opinion. The Committee has commissioned Internal Audit work to strengthen controls which impact on the delivery of Council objectives.	4

7. Supporting the development of robust arrangements for ensuring value for money	<p>The Committee reviews the External Audit plan of value for money and the auditing thereof. It has a key role in reviewing the statement of accounts and ensuring value for money through this report. Key role in reviewing the annual governance statement and the assurances provided therein.</p> <p>Committee now has authority to approve the Statement of Accounts as per the Terms of Reference, thus ensuring that value can be added by the Committee.</p>	4
8. Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks	Counter Fraud, Corruption and Bribery Strategy, Whistleblowing and Money Laundering Policy received and reviewed by the Committee in Council in December 2018.	4
9. Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability	<p>Minutes and agenda available on the website. Public are invited to audit committee meetings.</p> <p>Open and transparent reporting is displayed.</p> <p>Officer support is provided to the Committee in terms of democratic services officers and report authors.</p> <p>Decisions made by the Committee are within their remit and as part of terms of reference.</p>	4

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Corporate Risk Register

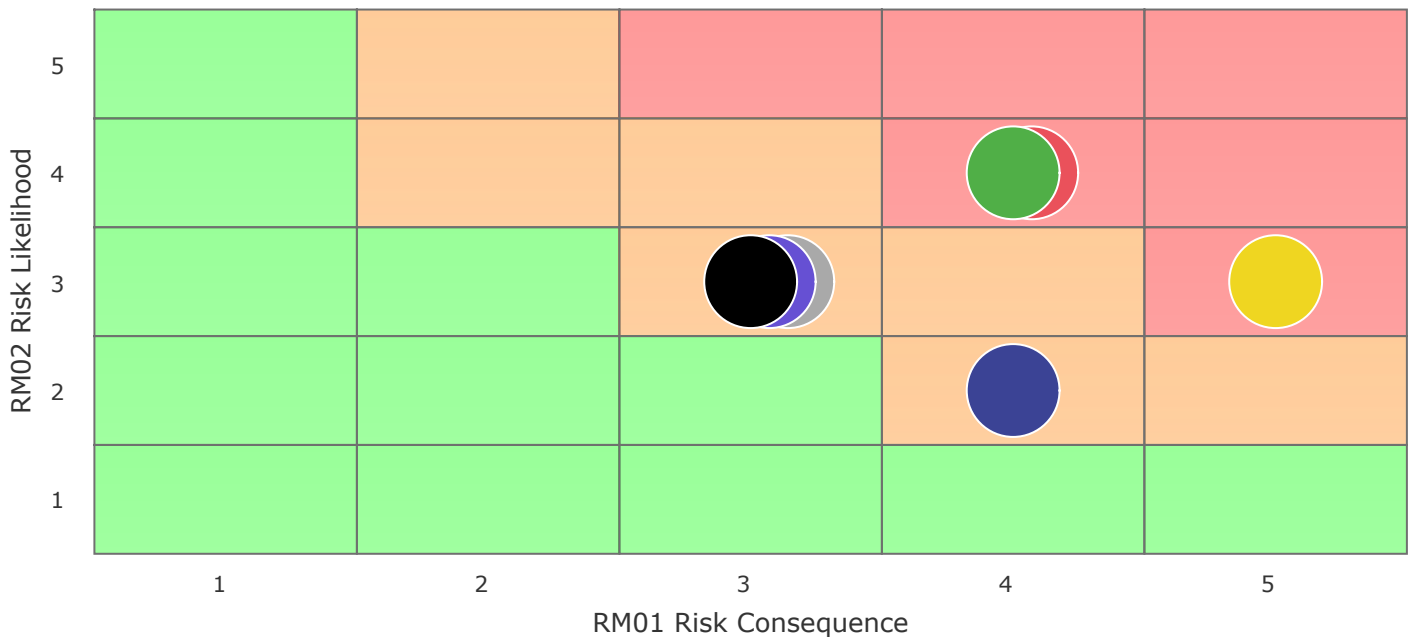
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Corporate Risk Register



Strategic Risk Matrix



- SR 001 Financial (including credit & counterparty)
- SR 002 Operational
- SR 003 Macroeconomic
- SR 004 Strategic
- SR 005 Environment & Social
- SR 006 Governance
- SR 007 Reputation
- SR 008 Corporate project related risks

Corporate Risk Register (CRR) overview update for Governance, Risk & Audit Committee (GRAC) – March 2022

The last update to the Risk Management Policy and Framework was approved by the Governance, Risk and Audit Committee (GRAC) in June 2020 and is next due an updated in June 2022.

The policy sets the framework for the Council's Corporate Risk Register (CRR) which monitors and tracks the Council's most significant risks. Responsibility for coordinating the CRR and the risk management framework currently rests with the Section 151 Officer (Director for Resources).

The Council's approach to risk, its risk appetite and risk tolerance has a significant part to play in terms of supporting both the Corporate Plan and the Medium Term Financial Strategy (MTFS). Without a robust risk management framework, the Council is at risk of failing to deliver its corporate objectives and meeting its financial targets required to ensure we have a sustainable financial position in the future.

The levels of risk which the Council is willing to accept will have a direct bearing on the types of projects that Members are willing to take forward to support the Council's Financial Sustainability Strategy (under development) in the future and how and where the Council will deliver increased income.

Issues to note

Since the committee last considered the register the various risks have been reviewed and updated by service managers, Management Team and the Corporate Leadership Team. The following should be noted;

Financial (SR001) – The 2022/23 budget and Medium Term Financial Strategy (MTFS) went to pre-scrutiny in January and was recommended by Cabinet for approval on 31 January 2022. The final ratification and agreement of council tax levels will be made by Full Council on 23 February 2022. The Bank of England base rate was increased slightly from 0.25% to 0.5% on 2 February but this is not expected to have any significant effect on the Council's investment returns.

Procurement (CR009) – As with the previous updates construction procurement continues to bring challenges due to the combined impact of the ongoing COVID pandemic, Brexit and a number of global forest fires, all of which are impacting on material prices, with the industry currently experiencing significant price increases (in the region of 20%). The Council will need to continue to monitor this position and take this into account when putting together any budget estimates for repair and construction works over the coming months.

Facilities Grants (DFGs), where there is pressure on the available numbers of contractors to undertake works and also the supply, cost and availability of materials although in this instance the Council is trailing partnership working with Victory Housing to deliver the required works. Availability of contractors is also evident in terms of the Council's recent construction tenders and attracting suitable qualified and experienced contractors, within a reasonable budget envelope, remains challenging as the construction market is very buoyant at the current time.

Operational (SR002) - The Council continues to monitor progress against its Covid Recovery Plan, visitor numbers have decreased significantly over the winter period and following the Council's very successful management of visitors during an incredibly busy summer season, still managed to have some of the lowest infection rates nationally. Staffing levels are monitored on a daily basis in relation to the new Omicron infection and again rates are low compared to national averages, which absence of c8% compared to concerns nationally of absence levels of around 25%. The district continues to have the lowest rates in the county with approximately 1,000 cases in every 100,000 of population over a 7-day rolling average with the majority of new cases being school age based.

Strategic (SR004) – The Government's White Paper on the Levelling Up agenda was released on 2 February and included proposals regarding a 'County Deal' for Norfolk as one of nine key areas. Officers and Members will now need to consider how we can best meet this challenge and position ourselves well for the future, particularly given some of the challenges we face as a rural district. The Levelling Up agenda will be supported by the Shared Prosperity fund which is £2.6b nationally split over 3 years (£0.4b 2022/23, £0.7b 2023/24 and £1.5b 2024/25). Access to this funding will not be based on a competitive process but rather allocations will be made direct to authorities. The Council will be required to produce an Investment Strategy over the summer of 2022 detailing how the allocation (yes to be confirmed) will be spent, and this will need to be approved by central government.

Environmental & Social (SR005) – The Council has a new Environmental Charter in place and is currently in the process of approving a Net Zero Strategy and accompanying Action Plan to help identify how we will meet our aspiration of achieving net-zero carbon emissions by 2030. The draft strategy has now been considered by the Overview and Scrutiny Committee and Cabinet and is due to be considered and approved by Full Council on 23 February.

Reputation (SR007) – On 3 February the Chancellor announced the introduction of a new £150 'energy rebate' to help some households with the increasing cost of energy. This rebate will apply to all properties in council tax bands A to D (main residence only) and we are still awaiting further detail as to how the scheme will need to be administered. It is clear however that the expectation from central government is that the payments will be made to households by local authorities, and with around 41,000 eligible households this represents a further significant piece of work for the Revenues team as there will be a requirement to not only make all of these payments, ensuring we mitigate against fraud and error, but also we will need to collect bank details to enable payment information from around 10,000 of these customers who do not currently pay by direct debit. The Council is however now well use

to administering grant schemes so the technical process shouldn't provide us with too many challenges although the administration of the payments does represent a significant resource requirement for a number of teams across the council including Revenues, IT, Finance and Customer Services.

Corporate Project Related risks (SR008) – The new Reef leisure project has now officially undergone practical completion and the centre opened at the end of November 2021. The final contract payments are still however to be agreed and paid to the contract so the project is still currently live at the present time. Once this process is complete as part of the new project management framework the scheme will undergo a final review to identify any lessons learnt to help inform future project delivery.

The North Walsham Heritage Action Zone (HAZ) project continues to face difficulties in terms of procuring works and pressure on funding windows. The Council is however in the process of awarding a contract to undertake the work on the Cedars building and is progressing options regarding procurement of the street works package. Options are being considered with funders regarding spend profiles and grant drawdown.

Risk Appetite and Risk tolerance

Risk appetite is often described as 'the amount of risk that an organisation is willing to seek or accept in the pursuit of its long term objectives'. Risk tolerance is the amount of risk an organisation could actually take, usually from a financial perspective, before services and objectives are significantly impacted. The two are linked, with most organisations having a risk appetite lower than their risk tolerance. At its meeting in June 2020 the GRAC set agreed to set the Council's risk appetite at 'moderate'.

The Council will be required to make some difficult decisions in the short to medium term to help ensure that we are able to balance the budget given the current funding restrictions and uncertain financial climate, particularly due to the ongoing COVID pandemic. This will undoubtedly involve looking to invest in new opportunities and to take a more commercial approach to our activities whilst also looking to drive social value.

The CRR has been updated as at 31 January 2022 and will be presented to the next meeting of GRAC scheduled for 8 March 2022. The current interest received from the Council's investments is in line with budget projections which forecast income of just over £1m by the end of the financial year with the 2022/23 budget forecast showing anticipated investment income of £1.1m

Risk scoring key

Corporate Risks

Each corporate risk (a similar matrix is used for service risks) will be assessed against the following criteria:

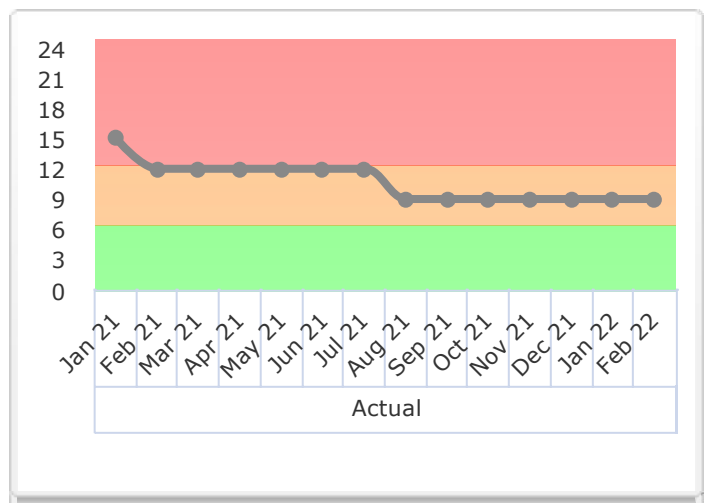
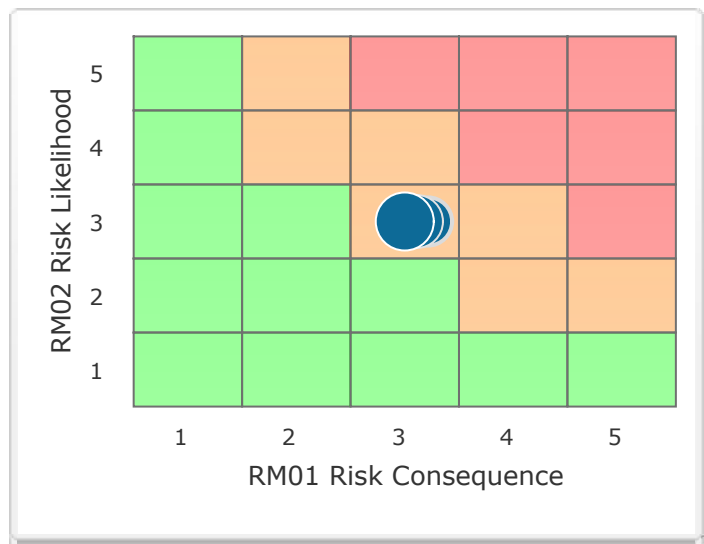
Impact Type	Catastrophic 5	Critical 4	Moderate 3	Marginal 2	Negligible 1
Objectives	The key objectives in the Corporate Plan will not be achieved.	One or more Key Objectives in the Corporate Plan will not be achieved.	Significant impact on the success of the Corporate Plan.	Some impact on more than one Service.	Insignificant impact on more than one Service.
Financial Impact (Loss)	Over £1.5m	£500K - £1.5m	£300K - £500K	£20K - £300K	£0-20K

Likelihood ratings and dimensions are tabled below:


Grade	Likelihood	Probability	Timing
5	Very High	Over 90%	Within six months
4	High	60 - 90%	Within a year
3	Moderate	40 - 60%	Within 1 to 2 years
2	Low	10 - 40%	Probably within 15 years
1	Very Low	below 10%	Probably over 15 years

SR 001 Financial (including credit & counterparty)

Responsibility	Resources
Risk Description	<p>FINANCIAL: related to the financial position and investment of the Council's assets and cash flow, market volatility, currency etc. Credit and Counterparty: related to investments, loans to institutions and individuals and counterparties in business transactions.</p> <p>Risk - that the Council's expenditure in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.</p> <p>Effect - the Chief Finance Officer has to issue a Section 114 report to Full Council to report an unbalanced budget.</p>
Risk Category	<ul style="list-style-type: none"> ■ A Financial ■ C Credit and counterparty
Risk Response	Treat



Latest Update

31/01/2022	
SR 001 Financial (including credit & counterparty) : Status	Score
	9.00
	Target
	4.00
	Performance
	
	Direction of change
	➔
	Comments
	<p>The 2022/23 budget and Medium Term Financial Strategy (MTFS) went to pre-scrutiny in January and was recommended by Cabinet for approval on 31 January 2022. The final ratification and agreement of council tax levels will be made by Full Council on 23 February 2022. The Overview and Scrutiny Committee considered the Council's car park charges during January, as these have not been reviewed now for 6 years, and made various recommendations for consideration by Cabinet. Again Full Council will make the final decision on any potential changes on 23 February.</p> <p>The impacts of Brexit and COVID have not had such a bad impact on our investments as originally anticipated. In terms of the Covid pandemic, some of the direct support received from central government through the various funding programmes has helped to offset and mitigate against some of the impact experienced. This includes both additional expenditure incurred and also in terms of lost income, from areas such as car parking for example. The Bank of England base rate was increased slightly from 0.25% to 0.5% on 2 February but this is not expected to have any significant effect on the Council's investment returns</p> <p>The Council's pooled fund investments continue to perform well despite the challenging global position. The period 6 budget monitoring report (as at the end of September 2021) highlights that the current interest received from the Council's investments is in line with budget projections which forecast income of just over £1m by the end of the financial year with the 2022/23 budget forecast showing anticipated investment income of £1.1m</p>

31/01/2022	
SR 001 Financial (including credit & counterparty) : RM01 Risk Consequence	Score
	3
	Target
	2
	Direction of change
	➔
SR 001 Financial (including credit & counterparty) : RM02 Risk Likelihood	Score
	3
	Target
	2
	Direction of change
	➔

SR 001 Financial (including credit & counterparty)

Associated Corporate Risks

31/01/2022		
CR 015 Medium Term Financial Plan : Status	Score	12.00
	Target	12.00
	Performance	●
	Direction of change	➔
	Comments	

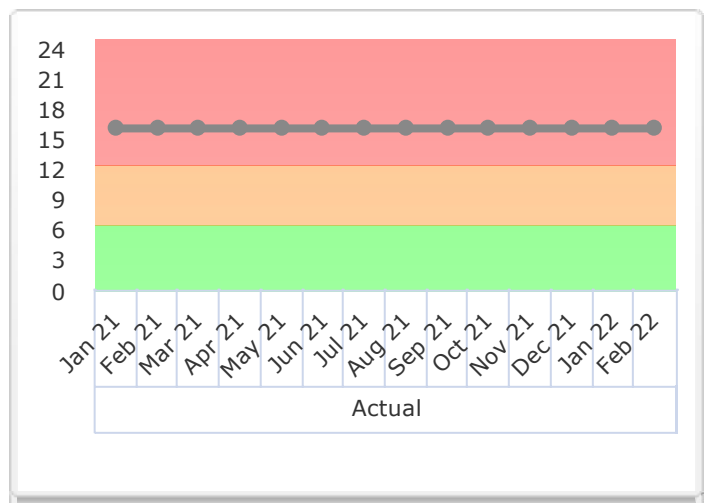
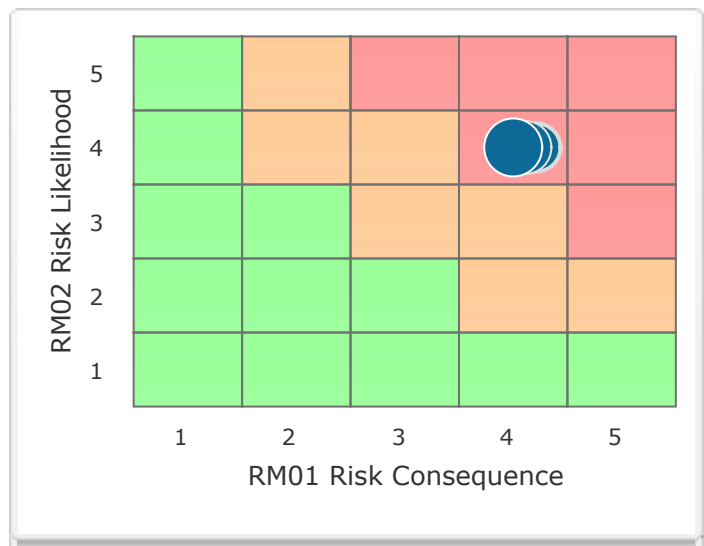
Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Dec 21
<input checked="" type="checkbox"/> Annual review of the Council's reserves	Duncan Ellis	✓
<input checked="" type="checkbox"/> Balanced budget agreed	Duncan Ellis	✓
<input checked="" type="checkbox"/> Budget Process / Budget Monitoring	Lucy Hume	✓
<input checked="" type="checkbox"/> Business cases for commercialisation of assets to deliver future income and efficiencies	Duncan Ellis	✓
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	✓
<input checked="" type="checkbox"/> Growth forecasting models	Duncan Ellis	✓
<input checked="" type="checkbox"/> Lobbying Central Government	Steve Blatch	✓
<input checked="" type="checkbox"/> Policy Work	Steve Blatch	✓
<input checked="" type="checkbox"/> Project Management Plans	Duncan Ellis	✓
<input checked="" type="checkbox"/> Reporting - New legislation and consultation	Helen Thomas	✓
<input checked="" type="checkbox"/> Timely agreement of the annual Localised Council Tax Support Scheme	Duncan Ellis	✓
<input checked="" type="checkbox"/> Utilisation of the New Homes Bonus grant within the base budget for 2018/19 onwards	Duncan Ellis	✓

Outstanding				
	Stage	Responsible		Dec 21
<input checked="" type="checkbox"/> Medium Term Financial Strategy	In Progress	Duncan Ellis	Performance	★
			Comments	The Medium Term Financial Strategy (MTFS) for the future financial years will be approved as part of the budget setting process for the 2022/23 budget in February 2022. Ahead of this the MTFS is scheduled to go to the Overview and Scrutiny Committee for pre-scrutiny on 12th January 2022.
<input checked="" type="checkbox"/> Monitoring impact of the business rates retention and the localised council tax support system	Blocked	Duncan Ellis	Performance	●
			Comments	

SR 002 Operational

Responsibility	Resources
Risk Description	<p>OPERATIONAL: related to operational exposures within its organisation, its counterparties, partners and commercial interests.</p> <p>Risk - operational issues prevent or hinder the achievement of the Council's aims.</p> <p>Effect - the Council does not achieve it's operational or strategic aims.</p>
Risk Category	D Operational
Risk Response	Treat



Latest Update

31/01/2022		
SR 002 Operational : Status	Score	16.00
	Target	4.00
	Performance	▲
	Direction of change	➔
	Comments	The Council continues to monitor progress against its Covid Recovery Plan, visitor numbers have decreased significantly over the winter period and following the Council's very successful management of visitors during an incredibly busy summer season, still managed to have some of the lowest infection rates nationally. Staffing levels are monitored on a daily basis in relation to the new Omicron infection and again rates are low compared to national averages.

		31/01/2022
SR 002 Operational : RM01 Risk Consequence	Score	4
	Target	2
	Direction of change	➡
SR 002 Operational : RM02 Risk Likelihood	Score	4
	Target	2
	Direction of change	➡



Associated Corporate Risks

31/01/2022		
CR 001 Deteriorating/ underused property assets : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	
CR 003 Digital Customer Service Improvement failure : Status	Score	n/r
	Target	n/r
	Performance	◀◀
	Direction of change	▶▶
	Comments	n/r
CR 008 Loss of Information : Status	Score	16.00
	Target	2.00
	Performance	▲
	Direction of change	➔
	Comments	The recent global situation in respect of specific state sponsored or encouraged cyber attacks which target government and local government institutions indicate that the likelihood of an attack on NNDC data has risen. The sophistication and scale of recent attacks mean that if an attack is experienced the potential effect on NNDC data availability is significantly increased. The Council continues to engage proactively with the National Cyber Security Centre (NCSC) and with cyber defence suppliers to ensure systems designed to protect the Council's infrastructure are working as effectively as possible.
CR 009 Poor Procurement : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	<p>As with the previous updates construction procurement continues to bring challenges due to the combined impact of the ongoing COVID pandemic, Brexit and a number of global forest fires, all of which are impacting on material prices, with the industry currently experiencing significant price increases (in the region of 20%). The Council will need to continue to monitor this position and take this into account when putting together any budget estimates for repair and construction works over the coming months.</p> <p>This is similarly affecting supply chains for areas of work such as Disabled Facilities Grants (DFGs), where there is pressure on the available numbers of contractors to undertake works and also the supply, cost and availability of materials although in this instance the Council is trailing partnership working with Victory Housing to deliver the required works. Availability of contractors is also evident in terms of the Council's recent construction tenders and attracting suitable qualified and experienced contractors, within a reasonable budget envelope, remains challenging as the construction market is very buoyant at the current time.</p>

		31/01/2022
CR 013 Emergency event : Status	Score	12.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	We are still within the storm season, dealing with Covid-19 and have erosion and cliff fall issues. Additional action is being taken to ensure the Council is prepared to deal with multiple concurrent emergencies through liaison with partner agencies.
CR 024 People Resources : Status	Score	9.00
	Target	9.00
	Performance	●
	Direction of change	➔
	Comments	
CR 025 Contract failure : Status	Score	12.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	

Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Dec 21
<input checked="" type="checkbox"/> Adequate budget provision both from revenue and capital to support R&M works and capital investment	Duncan Ellis	✓
<input checked="" type="checkbox"/> Adequate staff or appropriately qualified external contractor support	Duncan Ellis	✓
<input checked="" type="checkbox"/> Asset Condition Surveys	Duncan Ellis	✓
<input checked="" type="checkbox"/> Business cases for commercialisation of assets to deliver future income and efficiencies	Duncan Ellis	✓
<input checked="" type="checkbox"/> Compliance policies in place and up to date	Duncan Ellis	✓
<input checked="" type="checkbox"/> Compliance works undertaken in a timely fashion	Duncan Ellis	✓
<input checked="" type="checkbox"/> Procure a Strategic Development Partner	Duncan Ellis	✓
<input checked="" type="checkbox"/> Production and approval of the Asset Management Plan	Renata Garfoot	?
<input checked="" type="checkbox"/> 3.1.2 Review and refine our Customer Strategy	Stuart Harber	✓
<input checked="" type="checkbox"/> Communications plan around the programme to ensure buy-in	Sean Kelly	✓
<input checked="" type="checkbox"/> Develop and Implement a Communications Strategy	Joe Ferrari	✓
<input checked="" type="checkbox"/> Digital Transformation progress reports provided to Cabinet & O&S	Sean Kelly	✓
<input checked="" type="checkbox"/> ICT Strategy	Sean Kelly	✓
<input checked="" type="checkbox"/> Maintain technical competence	James Claxton	✓
<input checked="" type="checkbox"/> Market Pay Review report	James Claxton	✓
<input checked="" type="checkbox"/> PSN Code of Connection compliance	Sean Kelly	✓
<input checked="" type="checkbox"/> Review of recruitment practices	Phillip Rowson	✓
<input checked="" type="checkbox"/> Review Pay Policy	James Claxton	✓
<input checked="" type="checkbox"/> Review relocation policy	James Claxton	✓
<input checked="" type="checkbox"/> Certified Security Professional Training	Kate Wilson	✓
<input checked="" type="checkbox"/> Data Protection training	Cara Jordan	✓
<input checked="" type="checkbox"/> GDPR compliance framework	Cara Jordan	✓

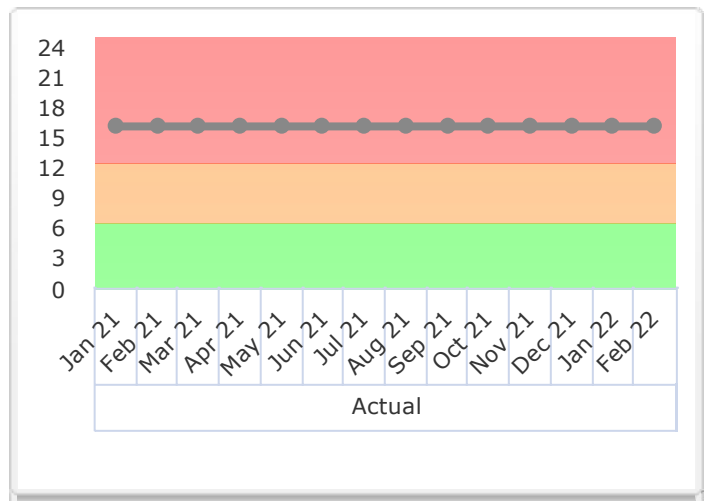
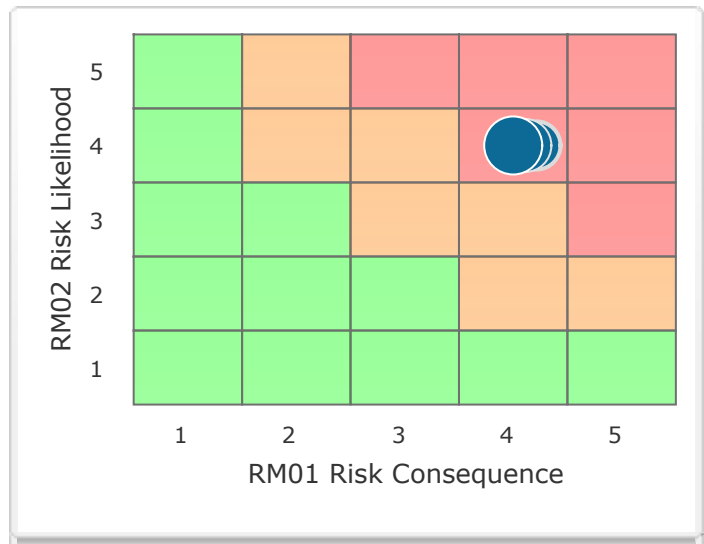
	Responsible	Dec 21
<input checked="" type="checkbox"/> Implement data security protocols	Sean Kelly	✓
<input checked="" type="checkbox"/> Information Risk Policy and Role Description	Sean Kelly	✓
<input checked="" type="checkbox"/> IT Monitoring	Sean Kelly	✓
<input checked="" type="checkbox"/> IT Security Policies	Sean Kelly	✓
<input checked="" type="checkbox"/> Regular 3rd party data protection and integrity testing	Sean Kelly	✓
<input checked="" type="checkbox"/> Regular audits of IT security arrangements	Sean Kelly	✓
<input checked="" type="checkbox"/> Advice for external suppliers	Duncan Ellis	✓
<input checked="" type="checkbox"/> Joint procurement protocol and opportunities for joint/shared procurement with other authorities	Duncan Ellis	✓
<input checked="" type="checkbox"/> Procurement Framework	Duncan Ellis	✓
<input checked="" type="checkbox"/> Procurement responsibility assigned	Duncan Ellis	✓
<input checked="" type="checkbox"/> Procurement Strategy	Duncan Ellis	✓
<input checked="" type="checkbox"/> Budget Process / Budget Monitoring	Lucy Hume	✓
<input checked="" type="checkbox"/> Business Continuity Planning	Alison Sayer	✓
<input checked="" type="checkbox"/> Complete critical services' Business Continuity Plans (BCP)	Alison Sayer	✓
<input checked="" type="checkbox"/> Consideration of COVID-19 implications	Alison Sayer	✓
<input checked="" type="checkbox"/> Corporate Business Continuity key role training	Alison Sayer	✓
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	✓
<input checked="" type="checkbox"/> Corporate Policies and Procedures	Alison Sayer	✓
<input checked="" type="checkbox"/> Create and issue adverse weather guidance	Alison Sayer	✓
<input checked="" type="checkbox"/> Emergency Response & Recovery Planning	Alison Sayer	✓
<input checked="" type="checkbox"/> Employment Policies	James Claxton	✓
<input checked="" type="checkbox"/> Refresh the project management framework	Kate Rawlings	✓
<input checked="" type="checkbox"/> Apprenticeship programme	James Claxton	✓
<input checked="" type="checkbox"/> Check-in process	James Claxton	✓
<input checked="" type="checkbox"/> Employee Referral Scheme	James Claxton	✓
<input checked="" type="checkbox"/> New Ways of Working - Policy Creation	James Claxton	✓
<input checked="" type="checkbox"/> Procurement Officer post established	Duncan Ellis	✓

Outstanding

	Stage	Responsible		Dec 21
<input checked="" type="checkbox"/> Review and update of Web Strategy	Cancelled	Sean Kelly	Performance	
			Comments	~
<input checked="" type="checkbox"/> ER1 Review Emergency Response Plan	In Progress	Alison Sayer	Performance	●
			Comments	Emergency Response Guidance under review which should be completed by the end of March 2022. This review will be carried out towards the end of 2022.
<input checked="" type="checkbox"/> Develop 'People Strategy'	In Progress	James Claxton	Performance	●
			Comments	

SR 003 Macroeconomic

Responsibility	Resources
Risk Description	<p>MACROECONOMIC: related to the growth or decline of the local economy, interest rates, inflation and to a lesser degree, the wider national and global economy amongst others.</p> <p>Risk - national/global recession resulting in business failure and unemployment.</p> <p>Effect - increased requirement for benefits, housing, council tax support, business advice and support.</p>
Risk Category	B Macroeconomic
Risk Response	Treat



Latest Update

31/01/2022		
SR 003 Macroeconomic : Status	Score	16.00
	Target	4.00
	Performance	▲
	Direction of change	➔
	Comments	The ongoing impact of Covid and the various restrictions continue to create a challenging economic climate for local businesses. The area has benefitted from the increase in 'staycations', particularly over the summer months, as a result of the ongoing restrictions around traveling abroad although this is focused more intensively around the coastal resorts. The various business rate grant schemes have now seen the delivery of almost £130m of support to a wide range of local businesses and whilst this support is very much welcomed and appreciated there are still significant impacts being felt by various business sectors.

		31/01/2022
SR 003 Macroeconomic : RM01 Risk Consequence	Score	4
	Target	2
	Direction of change	➡
SR 003 Macroeconomic : RM02 Risk Likelihood	Score	4
	Target	2
	Direction of change	➡

Associated Corporate Risks

31/01/2022		
CR 026 Impact of economic fluctuations on the North Norfolk economy : Status	Score	15.00
	Target	4.00
	Performance	▲
	Direction of change	➔
	Comments	

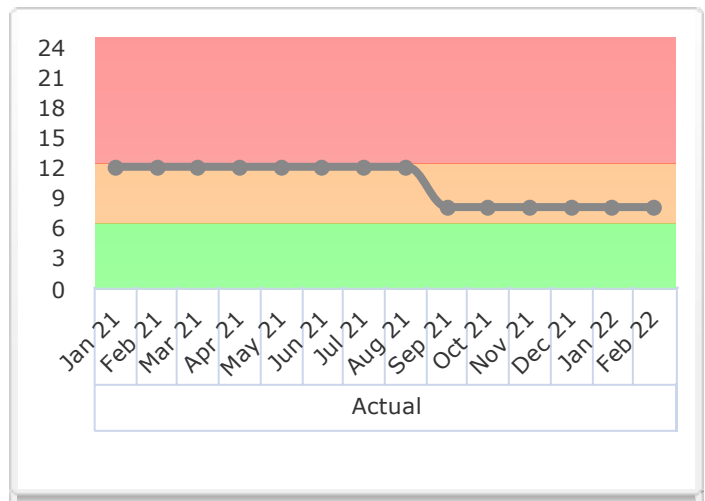
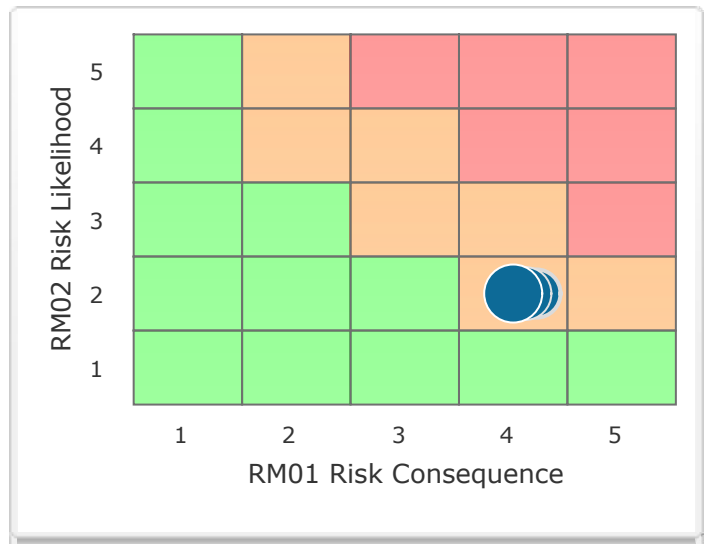
Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Dec 21
<input checked="" type="checkbox"/> Business Survey	Stuart Quick	✓
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	✓
<input checked="" type="checkbox"/> Fund Management advice from Arlingclose	Lucy Hume	✓
<input checked="" type="checkbox"/> HS 003 - Monitor the need for temporary accommodation and ensure suitable provision	Graham Connolly	✓
<input checked="" type="checkbox"/> Operation of the Council Tax Hardship Fund	Trudi Grant	✓
<input checked="" type="checkbox"/> Treasury Management Strategy	Lucy Hume	✓

Outstanding				
	Stage	Responsible		Dec 21
<input checked="" type="checkbox"/> 2.2.1 Economic Growth Strategy (2020 - 2023)	In Progress	Stuart Quick	Performance	●
			Comments	This action has been significantly delayed due to the Economic Growth Team focussing on the delivery of over £126 million of COVID Business Support and Grants programmes. It was further announced on the 30 December that, in addition to the ongoing grants and business support, that two further grant schemes (amounting to over £8m) will now also need to be delivered by 31 March, with a particular focus on supporting those within the leisure, hospitality and accommodation sector. The strategy will need to reflect the likely post-pandemic climate and support the restart and rebuild of the local economy.
<input checked="" type="checkbox"/> Medium Term Financial Strategy	In Progress	Duncan Ellis	Performance	★
			Comments	The Medium Term Financial Strategy (MTFS) for the future financial years will be approved as part of the budget setting process for the 2022/23 budget in February 2022. Ahead of this the MTFS is scheduled to go to the Overview and Scrutiny Committee for pre-scrutiny on 12th January 2022.

SR 004 Strategic

Responsibility	Resources
Risk Description	<p>STRATEGIC: key initiatives undertaken by the Council such as significant purchases, new ventures, commercial interests and other areas of organisational change deemed necessary to help the Council meet its goals.</p> <p>Risk - Corporate Plan and Projects may not be delivered within agreed timescales or budget.</p> <p>Effect - objectives not delivered, poor use of council financial resources.</p>
Risk Category	E Strategic
Risk Response	Treat



Latest Update

31/01/2022		
SR 004 Strategic : Status	Score	8.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	<p>The Government's White Paper on the Levelling Up agenda was released on 2 February and included proposals regarding a 'County Deal' for Norfolk as one of nine key areas. Officers and Members will now need to consider how we can best meet this challenge and position ourselves well for the future, particularly given some of the challenges we face as a rural district. The Levelling Up agenda will be supported by the Shared Prosperity fund which is £2.6b nationally split over 3 years (£0.4b 2022/23, £0.7b 2023/24 and £1.5b 2024/25). Access to this funding will not be based on a competitive process but rather allocations will be made direct to authorities. The Council will be required to produce an Investment Strategy over the summer of 2022 detailing how the allocation (yes to be confirmed) will be spent, and this will need to be approved by central government.</p>

31/01/2022		
SR 004 Strategic : RM01 Risk Consequence	Score	4
	Target	2
	Direction of change	➡
SR 004 Strategic : RM02 Risk Likelihood	Score	2
	Target	2
	Direction of change	➡

Associated Corporate Risks

31/01/2022		
CR 027 Strategic financial and performance management : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	

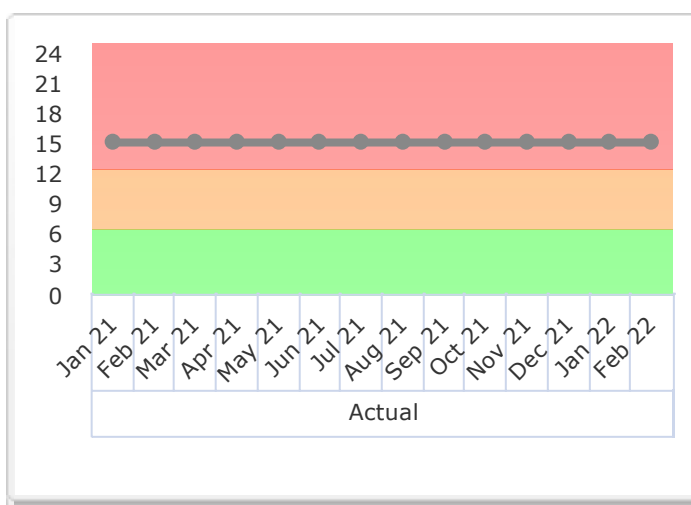
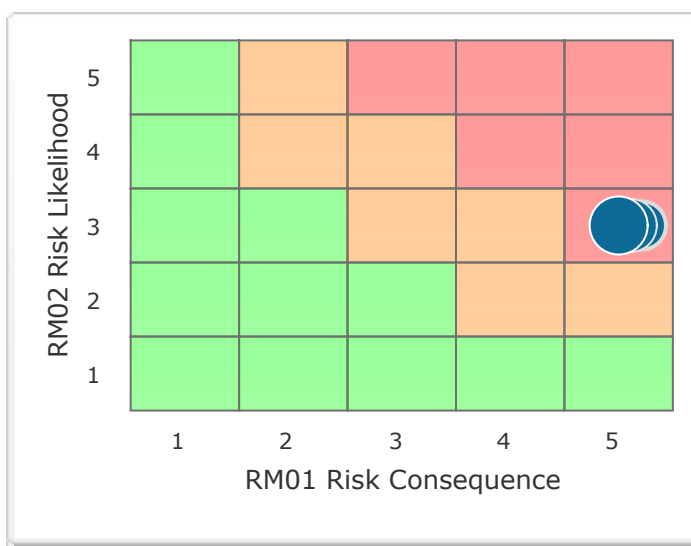
Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Dec 21
<input checked="" type="checkbox"/> Annual review of the Council's reserves	Duncan Ellis	✓
<input checked="" type="checkbox"/> Budget Process / Budget Monitoring	Lucy Hume	✓
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	✓
<input checked="" type="checkbox"/> Establish the financial impact of Covid-19	Duncan Ellis	✓
<input checked="" type="checkbox"/> Refresh the project management framework	Kate Rawlings	✓
<input checked="" type="checkbox"/> Review the Corporate Plan 2019-23 post Covid-19	Steve Blatch	✓

Outstanding				
	Stage	Responsible		Dec 21
<input checked="" type="checkbox"/> Emerging Local Plan	In Progress	Mark Ashwell	Performance	★
			Comments	Local Plan now published for Regulation 19 consultation. Independent examination likely by autumn 2022.
<input checked="" type="checkbox"/> Medium Term Financial Strategy	In Progress	Duncan Ellis	Performance	★
			Comments	The Medium Term Financial Strategy (MTFS) for the future financial years will be approved as part of the budget setting process for the 2022/23 budget in February 2022. Ahead of this the MTFS is scheduled to go to the Overview and Scrutiny Committee for pre-scrutiny on 12th January 2022.
<input checked="" type="checkbox"/> Review Performance Framework for Extended Management Team	Not Started	Lucy Hume	Performance	●
			Comments	This is a Capability Review action, which is currently on hold while CLT review the Capability Review Development Plan
<input checked="" type="checkbox"/> Review Performance Framework for the Strategic Leadership Team	Cancelled	Lucy Hume	Performance	?
			Comments	

SR 005 Environmental and Social

Responsibility	Resources
Risk Description	<p>ENVIRONMENTAL AND SOCIAL: related to the environmental and social impact of the Council's strategy and interests.</p> <p>Risk - Council fails to take into account changing environmental and social needs.</p> <p>Effect - strategic objectives don't reflect environmental and social issues.</p>
Risk Category	F Environmental & Social
Risk Response	Treat



Latest Update

31/01/2022		
SR 005 Environment & Social : Status	Score	15.00
	Target	4.00
	Performance	▲
	Direction of change	➔
	Comments	<p>The Council has a new Environmental Charter in place and is currently in the process of approving a Net Zero Strategy and accompanying Action Plan to help identify how we will meet our aspiration of achieving net-zero carbon emissions by 2030. The draft strategy has now been considered by the Overview and Scrutiny Committee and Cabinet and is due to be considered and approved by Full Council on 23 February.</p>

		31/01/2022
SR 005 Environment & Social : RM01 Risk Consequence	Score	5
	Target	2
	Direction of change	➡
SR 005 Environment & Social : RM02 Risk Likelihood	Score	3
	Target	2
	Direction of change	➡

Associated Corporate Risks

31/01/2022		
CR 002 Flooding, erosion and loss of assets and delivery of services : Status	Score	20.00
	Target	12.00
	Performance	▲
	Direction of change	➔
	Comments	
CR 010 Housing Delivery : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	Recent appeal decisions both supportive of Council's housing land supply position and one negative decision. Revised housing land supply statement due April/May 2022.

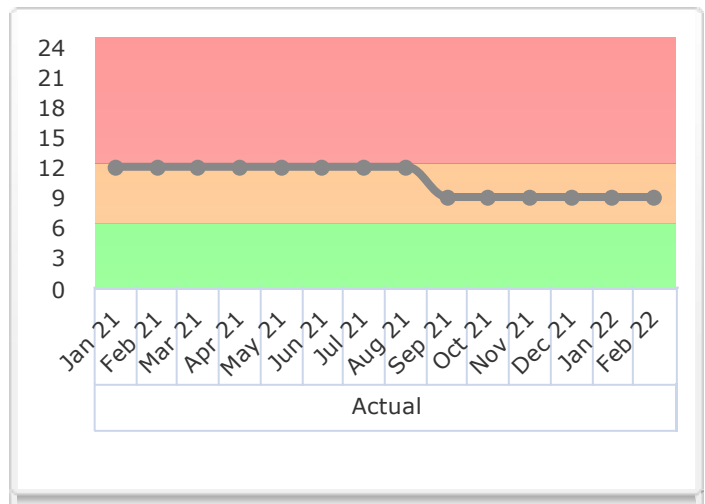
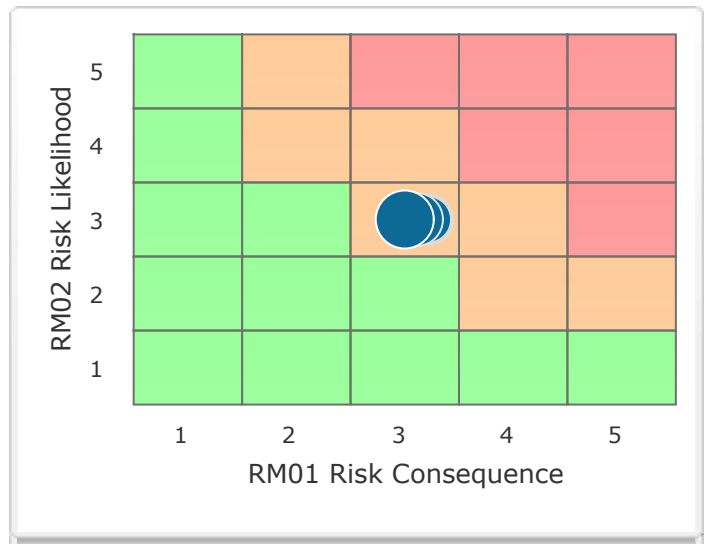
Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Dec 21
<input checked="" type="checkbox"/> Bacton and Walcott coastal management scheme	Rob Goodliffe	✓
<input checked="" type="checkbox"/> Coastal Monitoring	Rob Goodliffe	✓
<input checked="" type="checkbox"/> Coastal Partnership East set up	Rob Goodliffe	✓
<input checked="" type="checkbox"/> Control of coastal management schemes through procurement and regular checking	Rob Goodliffe	✓
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	✓
<input checked="" type="checkbox"/> DEFRA funding of capital schemes	Rob Goodliffe	✓
<input checked="" type="checkbox"/> Environment Forum	Robert Young	✓
<input checked="" type="checkbox"/> Health & Safety checking and monitoring	Rob Goodliffe	✓
<input checked="" type="checkbox"/> Procurement practices	Duncan Ellis	✓
<input checked="" type="checkbox"/> Repairs & Maintenance Programme	Rob Goodliffe	✓
<input checked="" type="checkbox"/> Shoreline Management Plan (SMP)	Rob Goodliffe	✓
<input checked="" type="checkbox"/> The Pathfinder Project	Rob Goodliffe	✓
<input checked="" type="checkbox"/> 1.2.1 Formulate a new Housing Strategy	Graham Connolly	✓
<input checked="" type="checkbox"/> 1.4.1 Developing and implementing a new Homelessness and Rough Sleepers Strategy and Action Plan	Lisa Grice	✓
<input checked="" type="checkbox"/> 1.5.1 Investigate ways to support and assist affordable housing providers	Graham Connolly	✓
<input checked="" type="checkbox"/> Community Housing Fund	Graham Connolly	✓
<input checked="" type="checkbox"/> Enhance Housing Association delivery	Graham Connolly	✓
<input checked="" type="checkbox"/> Housing Strategy implementation	Robert Young	✓
<input checked="" type="checkbox"/> HS 003 - Monitor the need for temporary accommodation and ensure suitable provision	Graham Connolly	✓
<input checked="" type="checkbox"/> Increased Focus	Nicky Debbage	✓
<input checked="" type="checkbox"/> Internal planning protocol	Phillip Rowson	✓
<input checked="" type="checkbox"/> Local Development Framework (LDF) policies	Mark Ashwell	✓
<input checked="" type="checkbox"/> Local Investment Plan	Nicky Debbage	✓
<input checked="" type="checkbox"/> Monitor Brexit and its potential impact on the ability to deliver and acquire homes as a home owner	Duncan Ellis	✓
<input checked="" type="checkbox"/> Partnership work with Registered Providers	Graham Connolly	✓
<input checked="" type="checkbox"/> Use of capital	Nicky Debbage	✓

Outstanding				
	Stage	Responsible		Dec 21
<input checked="" type="checkbox"/> 10 year capital programme	In Progress	Tamzen Pope	Performance	★
			Comments	10 year capital programme has been drafted. Review meeting arranged for 8 February with all CPE managers to review and identify potential procurement routes. Paper has been submitted to CPE Board looking at utilising the SCAPE framework which has also been shared with the individual councils for buy-in.
<input checked="" type="checkbox"/> 4.3.1 Baseline carbon audit and carbon reduction action plan	In Progress	Robert Young	Performance	★
			Comments	Net-Zero East commissioned in June 2021 to prepare Carbon Reduction Strategy Action Plan - Detailed audit complete by December 2021. Net-Zero Strategy and Action Plan (NZSAP, incorporating carbon audit) draft produced. To be adopted by the end of March 2022
<input checked="" type="checkbox"/> CM 002 - Refurbish coastal defences at Mundesley	In Progress	Tamzen Pope	Performance	●
			Comments	Detailed design is ongoing due to be completed in April 2022 - progress has been delayed due to COVID and MMO consultation issues. Contractor has been appointed for the construction phase and we have started working with them to look at cost estimates, programme and value engineering. Project is being developed and will be delivered in conjunction with the Cromer Phase 2 scheme to maximise efficiencies.
<input checked="" type="checkbox"/> 1.3.1 Develop a business case for a housing company	Cancelled	Nicky Debbage	Performance	?
			Comments	
<input checked="" type="checkbox"/> To produce a Service Level Agreement with Registered Providers	Not Started	Lisa Grice	Performance	~
			Comments	~

SR 006 Governance

Responsibility	Resources
Risk Description	<p>GOVERNANCE: related to ensuring that prudence and careful consideration sit at the heart of the Council's decision-making, augmented by quality independent advice and appropriate checks and balances that balance oversight and efficiency.</p> <p>Risk - Council acts outside established procedures or unlawfully.</p> <p>Effect - risk of litigation/reputational risk to Council/poor decision making.</p>
Risk Category	G Governance
Risk Response	Treat



Latest Update

31/01/2022		
SR 006 Governance : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	<p>A new review mechanism has also been introduced with Management Team and the Corporate Leadership Team to monitor and review outstanding audit recommendations on a quarterly basis to try and ensure that progress continues to be made on addressing any outstanding recommendations. The Council is continuing to introduce improvements required by CIPFA's Financial Management Code, which is recommended best practice. Further to this, the Corporate Delivery Unit (CDU) continues to provide guidance and support in relation to project management and strengthens the overall governance framework.</p>

		31/01/2022
SR 006 Governance : RM01 Risk Consequence	Score	3
	Target	2
	Direction of change	➡
SR 006 Governance : RM02 Risk Likelihood	Score	3
	Target	2
	Direction of change	➡

Associated Corporate Risks

31/01/2022		
CR 028 Governance failures : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	

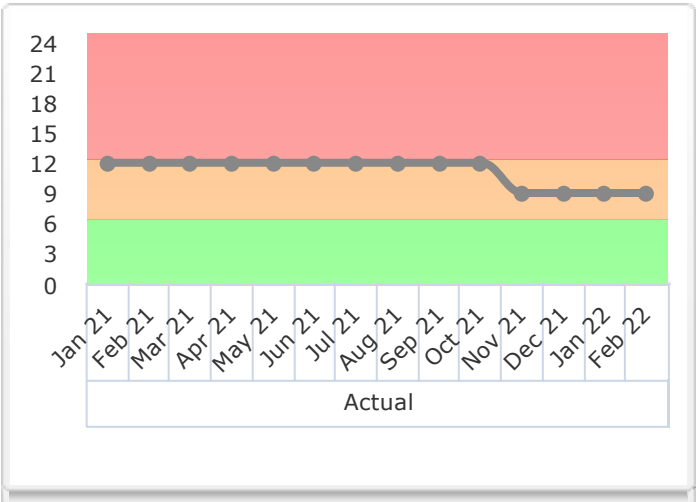
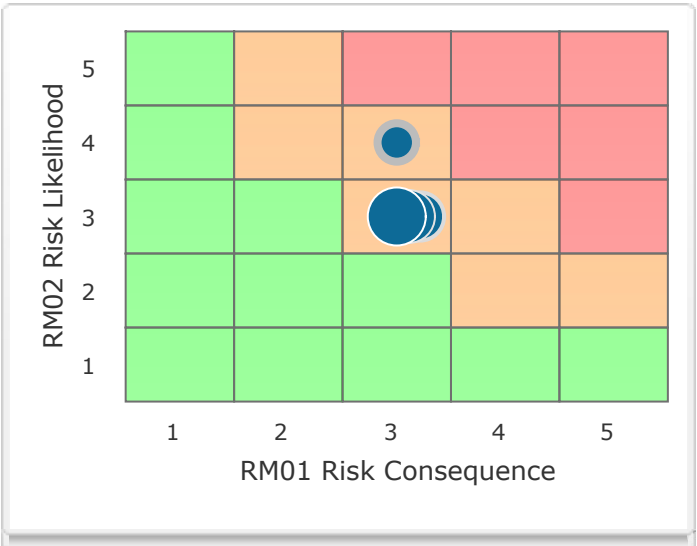
Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Dec 21
<input checked="" type="checkbox"/> Annual Assurance Statements	Duncan Ellis	✓
<input checked="" type="checkbox"/> Annual Audit Report	Lucy Hume	✓
<input checked="" type="checkbox"/> Annual Governance Statement 2019/20 supported by assurance framework	Duncan Ellis	✓
<input checked="" type="checkbox"/> Annual Governance Statement 2020/21 supported by assurance framework	Duncan Ellis	✓
<input checked="" type="checkbox"/> Audit programme	Lucy Hume	✓
<input checked="" type="checkbox"/> Committee report templates	Emma Denny	✓
<input checked="" type="checkbox"/> Constitution/Standing Orders/Scheme of Delegations	Cara Jordan	✓
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	✓
<input checked="" type="checkbox"/> Head of Internal Audit assurance	Duncan Ellis	✓
<input checked="" type="checkbox"/> Member/ Officer Protocol	Emma Denny	✓
<input checked="" type="checkbox"/> Monitoring Officer actions to ensure governance risk is minimised	Cara Jordan	✓
<input checked="" type="checkbox"/> Monitoring Officer Report	Cara Jordan	✓
<input checked="" type="checkbox"/> Operation of Constitutoon Working Party	Emma Denny	✓
<input checked="" type="checkbox"/> Operation of Standards Committee	Emma Denny	✓
<input checked="" type="checkbox"/> Section 151 Officer actions to ensure governance risk is minimised	Duncan Ellis	✓


Outstanding				
	Stage	Responsible		Dec 21
<input checked="" type="checkbox"/> Clear robust corporate governance framework	In Progress	Renata Garfoot	Performance	
			Comments	~

SR 007 Reputation

Responsibility	Resources
Risk Description	<p>REPUTATION: related to the Council's dealings and interests, and the impact of adverse outcomes on the Council's reputation and public perception.</p> <p>Risk - Council's reputation is adversely affected.</p> <p>Effect- reduced public confidence.</p>
Risk Category	H Reputational
Risk Response	Treat



 Latest Update

		31/01/2022
SR 007 Reputation : Status	Score	9.00
	Target	4.00
	Performance	
	Direction of change	➔
	Comments	On 3 February the Chancellor announced the introduction of a new £150 'energy rebate' to help some households with the increasing cost of energy. This rebate will apply to all properties in council tax bands A to D (main residence only) and we are still awaiting further detail as to how the scheme will need to be administered. It is clear however that the expectation from central government is that the payments will be made to households by local authorities, and with around 41,000 eligible households this represents a further significant piece of work for the Revenues team as there will be a requirement to not only make all of these payments, ensuring we mitigate against fraud and error, but also we will need to collect bank details to enable payment information from around 10,000 of these customers who do not currently pay by direct debit. The Council is however now well use to administering grant schemes so the technical process shouldn't provide us with too many challenges although the administration of the payments does represent a significant resource requirement for a number of teams across the council including Revenues, IT, Finance and Customer Services.

		31/01/2022
SR 007 Reputation : RM01 Risk Consequence	Score	3
	Target	2
	Direction of change	➔
SR 007 Reputation : RM02 Risk Likelihood	Score	3
	Target	2
	Direction of change	➔



Associated Corporate Risks

31/01/2022		
CR 029 Poor reputation of the Council in the Community : Status	Score	4.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	



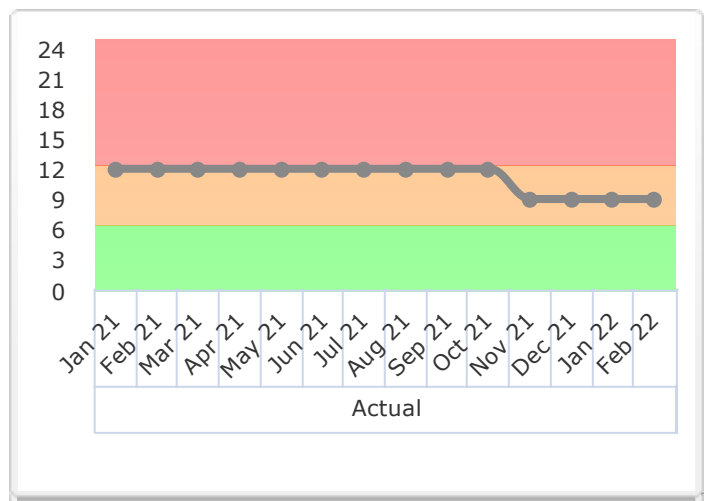
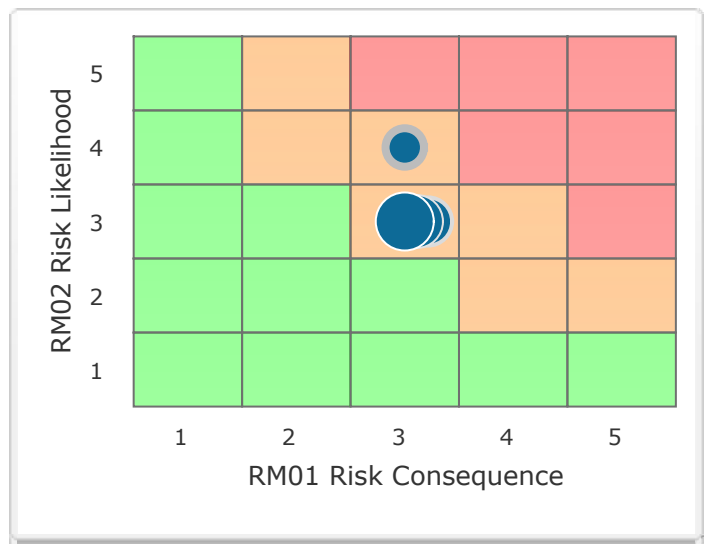
Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Dec 21
<input checked="" type="checkbox"/> 3.1.2 Review and refine our Customer Strategy	Stuart Harber	✓
<input checked="" type="checkbox"/> Develop and Implement a Communications Strategy	Joe Ferrari	✓


Outstanding				
	Stage	Responsible		Dec 21
<input checked="" type="checkbox"/> Clear robust corporate governance framework	In Progress	Renata Garfoot	Performance	
			Comments	~
<input checked="" type="checkbox"/> Review and update of Web Strategy	Cancelled	Sean Kelly	Performance	
			Comments	~

SR 008 Corporate project related risks

Responsibility	Resources
Risk Description	CORPORATE PROJECT RELATED RISKS: Related to individual corporate project risks
Risk Category	I Projects
Risk Response	Treat



Latest Update

		31/01/2022
SR 008 Corporate project related risks : Status	Score	9.00
	Target	4.00
	Performance	
	Direction of change	➔
	Comments	<p>The new Reef leisure project has now officially undergone practical completion and the centre opened at the end of November 2021. The final contract payments are still however to be agreed and paid to the contract so the project is still currently live at the present time. Once this process is complete as part of the new project management framework the scheme will undergo a final review to identify any lessons learnt to help inform future project delivery.</p> <p>The North Walsham Heritage Action Zone (HAZ) project continues to face difficulties in terms of procuring works and pressure on funding windows. The Council is however in the process of awarding a contract to undertake the work on the Cedars building and is progressing options regarding procurement of the street works package. Options are being considered with funders regarding spend profiles and grant drawdown.</p>

		31/01/2022
SR 008 Corporate project related risks : RM01 Risk Consequence	Score	3
	Target	2
	Direction of change	➔
SR 008 Corporate project related risks : RM02 Risk Likelihood	Score	3
	Target	2
	Direction of change	➔

Associated Corporate Risks

31/01/2022		
CR 030 Sheringham Leisure Centre : Status	Score	4.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	

Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Dec 21
<input checked="" type="checkbox"/> Operation of Overview and Scrutiny Committee	Emma Denny	✓
<input checked="" type="checkbox"/> Project management & reporting procedures - Sheringham Leisure Centre	Robert Young	✓

Outstanding
This report does not contain any data

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Exemptions granted from 12 November 2021 to 15 February 2022

No exemptions were granted during this period.

Date	Contractor	Type of Work	Amount	Exemption /Critical factors
				Nil

Notes

- The previous period reported to GRAC was for the period 1 September 2021 to 11 November 2022. In that period zero exemptions were reported to the Committee.
- The next reporting period to GRAC will follow on from the last reporting period.

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GOVERNANCE, RISK & AUDIT COMMITTEE ON 7th DECEMBER 2021 – OUTCOMES & ACTIONS LIST

MINUTE NO.	AGENDA ITEM AND ACTION	ACTION BY
41	CIVIL CONTINGENCIES REPORT	
	RESOLVED 1. To note the report and the council's contributions to the Norfolk Resilience Forum and the response to the Covid-19 pandemic.	GRAC
42	EY EXTERNAL AUDIT PLAN 2019/20	
	RESOLVED 1. To review and note the EY External Audit Plan	GRAC
43	PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY: 21 SEPTEMBER 2021 TO 29 NOVEMBER 2021	
	RESOLVED 1. To note the Internal Audit progress within the period covered by the report.	GRAC
44	FOLLOW UP ON INTERNAL AUDIT RECOMMENDATIONS 21 SEPTEMBER 2021 TO 29 NOVEMBER 2021	
	RESOLVED 1. To note the management action taken to date regarding the delivery of audit recommendations.	GRAC
45	EXTERNAL AUDIT PROCUREMENT EXERCISE	
	1. To recommend to Full Council that NNDC opt-in to the PSAA joint procurement exercise, while also providing feedback to them on how the process could be improved.	Full Council
46	PROCUREMENT EXEMPTIONS REGISTER 1ST SEPTEMBER - 11TH NOVEMBER 2021	
	1. To note the Procurement Exemptions Register.	GRAC
47	CORPORATE RISK REGISTER	
	1. To review and note the Corporate Risk Register.	GRAC

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GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2021/2022

Date	Topic	Lead Officer	Comments	Cycle
15th June 2021				
	Strategic and annual plans internal audit plan 2021/22	Internal Auditors – Faye Haywood		Annual
	Progress report on Internal Audit Activity	Internal Auditors – Faye Haywood		Quarterly
	Follow up on Internal Audit Recommendations	Internal Auditors – Faye Haywood	To include update on historical recommendations	Six Monthly
	Annual Report/Opinion & Review of the Effectiveness of Internal Audit	Internal Auditors – Faye Haywood		Annual
13th July 2021	Meeting Cancelled			
28th Sept 2021				
	Procurement Exemptions Register	Monitoring Officer – Cara Jordan	To review Procurement Exemptions	Quarterly
	Monitoring Officer's Report	Monitoring Officer – Cara Jordan		Annual
	Progress Report on Internal Audit Activity	Internal Auditors – Faye Haywood	To review progress on active internal audit recommendations	Quarterly
	Follow Up Report on Internal Audit Recommendations	Internal Auditors – Faye Haywood	To follow-up outstanding audit recommendations	Quarterly
	Corporate Risk Register	Director for Resources – Duncan Ellis	To review the corporate risk register	Quarterly
	Draft Statement of Accounts 2020/21	Chief Technical Accountant – Lucy Hume	To review the draft statement of accounts	Annual
	Review of Council's Asset Register	Chief Technical Accountant – Lucy Hume	To review the number and value of Council assets	Committee Request
	Whistle Blowing Policy	Monitoring Officer – Cara Jordan	To review the updated Whistleblowing Policy	Tri-annual (June 2021)
	Annual Governance Statement 2020/21 & Local Code of Corporate Governance	Director for Resources – Duncan Ellis	To review and approve the AGS and Local Code of Corporate Governance	Annual
	GRAC Annual Report 2019-20 & 2020-21	Committee Officer – Matt Stembrowicz	To review the work of the Committee in the previous year	Annual
	LGO Annual Review Letter 2021	Chief Executive – Steve Blatch		Annual
	Draft Procurement Strategy	Director for Resources – Duncan Ellis	To review the draft Procurement Strategy	

GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2021/2022

7th Dec 2021				
	EY Audit Plan 2019/20	External Auditors - EY		Annual
	Corporate Risk Register	Director for Resources – Duncan Ellis		Quarterly
	Progress Report on Internal Audit Activity	Internal Auditors – Faye Haywood	To review progress on internal audit recommendations	Quarterly
	Follow Up Report on Internal Audit Recommendations	Internal Auditors – Faye Haywood	To follow-up outstanding audit recommendations	Six Monthly
	Civil Contingencies Update	Resilience Manager – Alison Sayer		Annual
	Procurement Exemptions Register	Monitoring Officer – Cara Jordan	To review Procurement Exemptions	Quarterly
	PSAA Update	Chief Technical Accountant – Lucy Hume		
Date	Topic	Lead Officer	Comments	Cycle
8th March 2022				
	Follow Up Report on Internal Audit Recommendations	Internal Auditors – Faye Haywood		Quarterly
	Progress Report on Internal Audit Activity	Internal Auditors – Faye Haywood		Quarterly
	Undertake self-assessment	Internal Auditors – Faye Haywood		Annual
	Strategic and Annual Audit Plans	Internal Auditors – Faye Haywood		Annual
	Corporate Risk Register	Director for Resources – Duncan Ellis	To review the corporate risk register	Quarterly
30th March	TBC			
	Audit Results Report 2019/20	External Auditors - EY		Annual
	Letter of Representation 2019/20	Director for Resources – Duncan Ellis		Annual
	Final Statement of Accounts	Chief Technical Accountant – Lucy Hume		Annual
June 2022				
	Annual Audit Letter 2019/20	External Auditors - EY		Annual
	Anti-money laundering policy	Internal Auditors – Faye Haywood		3 years – Due 2021
	Risk Management Framework	Director for Resources – Duncan Ellis	To review the Council's risk management framework	Annual