

# Governance, Risk and Audit Committee



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06 June 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, 14 June 2022 at 2.00 pm.**

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](mailto: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

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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.

### 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 - 30

To approve as a correct record, the minutes of the meeting of the Governance, Risk & Audit Committee held on 8<sup>th</sup> March 2022, and 26<sup>th</sup> April 2022.

### 7. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY: 26 FEBRUARY 2022 TO 6 JUNE 2022

31 - 56

Summary: This report examines the progress made between 26 February 2022 to 6 June 2022 in relation to delivery of the annual internal audit plan for 2021/22.

Conclusions: The report contains a final 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

Contact Officer, telephone number, and e-mail:

Ward(s) affected:

All

Faye Haywood

01508 533873

[faye.haywood@southnorfolkandbroadland.gov.uk](mailto:faye.haywood@southnorfolkandbroadland.gov.uk)

## 8. ANNUAL REPORT AND OPINION 2021/22

57 - 78

**Summary:** This report concludes on the internal audit activity undertaken during 2021/22, it provides an annual opinion concerning the organisation's framework of governance, risk management and control and concludes on the effectiveness of internal audit and provides key information for the annual governance statement.

**Conclusions:** On the basis of Internal Audit work performed during 2021/22, the Head of Internal Audit is able to give a reasonable (positive) opinion on the framework of governance, risk management and control overall at North Norfolk District Council.

**Recommendations:**

1. **Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit.**
2. **Note that a reasonable audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2022.**
3. **Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Council's Annual Governance Statement for 2021/22.**
4. **Note the conclusions of the Review of the Effectiveness of Internal Audit.**

**Cabinet member(s):** Ward(s) affected:  
All All  
**Contact Officer,** Faye Haywood, Head of Internal Audit  
**telephone number,** 01508533873,  
**and e-mail:** [faye.haywood@southnorfolkandbroadland.gov.uk](mailto:faye.haywood@southnorfolkandbroadland.gov.uk)

## 9. LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT (AGS) 2021/22

79 - 136

**Summary:** The Corporate Governance framework is made up of the systems and processes, culture and values by which an organisation is directed and controlled. For local authorities this includes how a Council relates to the community it serves. The Local Code of Corporate Governance is a public statement of the ways in which the Council will achieve good corporate governance. This is based on the

development of the ‘*Delivering Good Governance in Local Government: Framework*’ (2016) produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) and focusses on the seven core principles and sub-principles of good governance. The Annual Governance Statement (AGS) is prepared following a review of all the evidence available to the Council in seeking compliance with its Local Code. An Internal Audit review of the AGS was completed in January 2022 and achieved a ‘reasonable’ assurance level, the recommendations from that audit have been incorporated into the 2021/22 Statement. As with last year, both of these documents have been considered in light of the ongoing Covid-19 pandemic.

**Conclusions:** The arrangements set out in the Local Code of Corporate Governance and the Annual Governance Statement (AGS) will allow the Council to move ahead with its corporate planning processes confident that it can address the issues of governance and risk.

**Recommendations:** **Members are asked to review and approve the Annual Governance Statement (AGS) along with the updated Local Code of Corporate Governance.**

Cabinet Member(s)      Ward(s) affected

Cllr Eric Seward      All

Contact Officer, telephone number and email:  
Cara Jordan, 01263 516373, [cara.jordan@north-norfolk.gov.uk](mailto:cara.jordan@north-norfolk.gov.uk)

## 10.      **UPDATED FRAUD POLICY AND FRAUD RISK ASSESSMENT**

137 - 180

**Summary:** The assurance review of Counter Fraud and Corruption (NN/22/04) was completed in March 2022 by Internal Audit and was given a ‘limited assurance’ level, although it should be noted that this was the same position across the whole audit consortium.

The main reason for this is that since resources previously allocated for the detection of fraud (2 x FTEs) were transferred to the DWP in April 2015 the Council has not had a dedicated fraud resource to lead on this area of work and whilst all officers have a responsibility to try to detect and mitigate fraud the Council no longer has any dedicated staffing to give this area the focus it requires.

The audit report made a number of recommendations designed to help strengthen the Council's approach to fraud and corruption.

The purpose of this report is to consider the recommendations contained within the audit report and make Members aware of the current fraud trends affecting the public sector. The report also contains the Council's fraud risk assessment that has been undertaken and the update to the Anti-fraud and Corruption Policy.

**Conclusions:**

It is clear that there are improvements which can be made in relation to increasing fraud awareness across the Council. A number of improvements have been recommended as part of the fraud assessment process contained within this report. Implementation of the recommendations and improvements proposed will help address the issues identified within the recent audit.

**Recommendations: The committee is requested to;**

1. **Approve the updated Fraud and Anti-Corruption Policy;**
2. **Note the associated Fraud Risk Assessment for 2021/22;**
3. **Note the recommended improvement actions; and**
4. **Note the progress on the audit actions.**

Cabinet Member(s) Cllr E Seward	Ward(s) affected: All
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**11. CORPORATE RISK REGISTER**

181 - 216

To review and note the corporate risk register.

**12. PROCUREMENT EXEMPTIONS REGISTER 217 - 218**

To review and note the procurement exemptions register.

**13. GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST 219 - 220**

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 221 - 224**

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 paragraph \_ of Part I of Schedule 12A (as amended) to the Act.”

## 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](#).

<b>Subject</b>	<b>Description</b>
<b>Employment, office, trade, profession or vocation</b>	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
<b>Sponsorship</b>	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.
<b>Contracts</b>	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>
<b>Land and Property</b>	<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>
<b>Licenses</b>	<p>Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer</p>
<b>Corporate tenancies</b>	<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>
<b>Securities</b>	<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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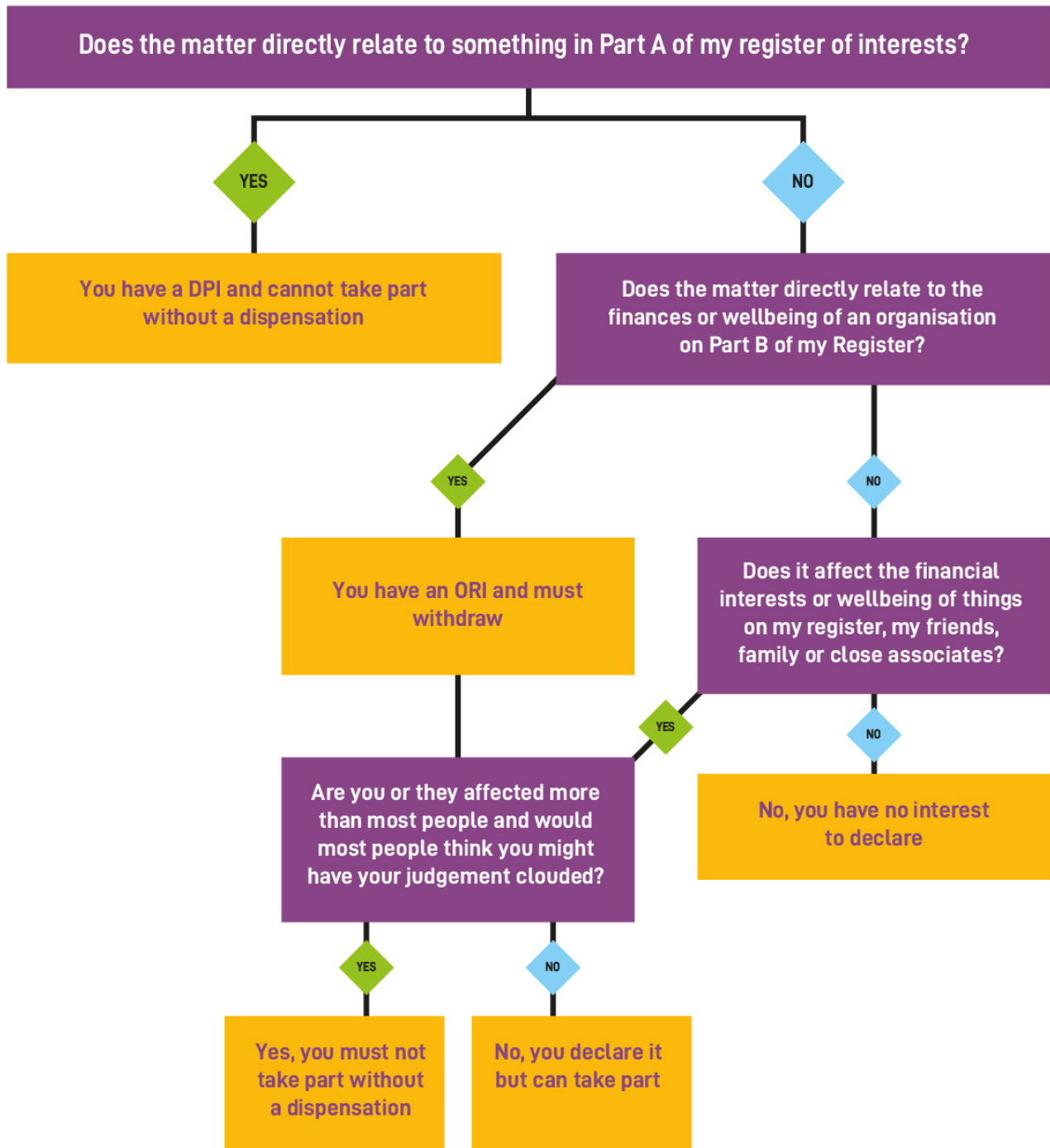
\* 'director' includes a member of the committee of management of an industrial and provident society.

\* '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, 8 March 2022 at the Council Chamber - Council Offices at 10.00 am

### Committee

#### Members Present:

Mr J Rest (Chairman)	Mr C Cushing
Mr H Blathwayt	Mr P Fisher
Mr P Heinrich	

#### Members also attending:

Mr A Brown (Observer)

#### Officers in Attendance:

Democratic Services and Governance Officer - Scrutiny (DSGOS), Head of Internal Audit (HIA), Chief Executive (CE), Director for Resources/Section 151 Officer (DFR) and Assistant Director for Finance, Assets, Legal & Monitoring Officer (MO)

### 51 TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from Cllr P Butikofer.

### 52 SUBSTITUTES

Cllr P Heinrich.

### 53 PUBLIC QUESTIONS

The Chairman read out a statement on behalf of Cllr L Withington who was unable to attend the meeting, regarding comments made during discussion of the Cromer Tennis Hub audit report.

### 54 ITEMS OF URGENT BUSINESS

The Chairman noted that the Council received the EY Annual Audit Letter and Annual Audit Results Report for 2019/20 on Thursday 24th February 2022, which had left insufficient time to properly consider issues arising in the report and to prepare a management response. It was suggested that an additional meeting of the Governance, Risk and Audit Committee would provisionally take place on the morning of Wednesday 30th March to consider these items and sign off the 2019/20 Annual Accounts.

#### Questions and Discussion

In response to a question from Cllr S Penfold, it was noted that the meeting for the 30<sup>th</sup> March was provisional, but would be confirmed as soon as possible.

### 55 DECLARATIONS OF INTEREST

None declared.

## **56 MINUTES**

Minutes of the meeting held on 7<sup>th</sup> December 2021 were approved as a correct record and signed by the Chairman.

The Chairman referred to a question raised in the minutes regarding the external audit procurement contract, and asked whether this had been clarified. It was noted that an answer was not available, though efforts were being made to ensure that this would not be an issue with any new contractual arrangements.

## **57 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY: 30 NOVEMBER 2021 TO 25 FEBRUARY 2022**

The HIA introduced the report and informed Members that section 2.1 covered any significant changes made to the agreed audit plan, such as deferral of the Economic Growth audit. She added that section 3 covered progress made, with 124 days of work complete equating to 78% of the 2021/22 audit plan. It was noted that section 4.4 covered finalised audit reports including Accounts Receivable which had been given a substantial assurance grading, alongside Customer Services. The HIA reported that the Project Management Framework had been given a reasonable assurance grading, alongside the Annual Governance Statement, Covid-19 Business Grants and Environmental Health. She added that Accountancy Services had been given a substantial assurance grading, and noted that no limited or 'no assurance' gradings had been given. It was reported that 26 audit recommendations had been raised in total, and auditors were satisfied with progress made on implementation. The HIA referred to the assurance review of the Project Management Framework and noted that two new recommendations had been raised. She added that one important recommendation had been raised on the Annual Governance Statement to reference the self-assessment process and include it within the action plan. The outcome of the Covid business grants was reported as a positive result, taking into account the significant sum of grants paid. It was noted that the outstanding licensing register recommendation of the Environmental Health was in hand and would be covered during the follow-up report, alongside recommendations on license fee income reconciliation and food hygiene inspections.

### Questions and Discussion

- i. Cllr C Cushing referred to longstanding audit recommendations with deadline deferrals and asked what steps could be taken to resolve these issues. The HIA replied that the follow-up report would provide greater details, including the number of times they had been deferred and the actions being taken to resolve them. She added that Internal Audit would not sign-off on recommendations until the Council was able to provide evidence that they had been implemented and were working effectively.
- ii. The Chairman referred to recovery and write-off of outstanding debts and asked whether it was debt owed to NNDC owed by NNDC to third parties. The HIA replied that the action referred to sundry debt or the collection of debts by NNDC.
- iii. The Chairman referred to a recommendation that required a record of officer

training, and asked whether this was covered as part of officers' annual appraisal process. The HIA replied that this recommendation sought to ensure that training plans were developed for officers that could be considered during that process. She added that the main issue was to ensure that records and progress were up to date.

- iv. The Chairman referred to the transition to a new environmental health system in progress since 2018 which had encountered numerous issues, and asked whether any assurances could be given that the work would be completed. The HIA replied that this was an ongoing issue, and was not able to provide more detail at the time.

## **RESOLVED**

**To note the internal audit progress within the period covered by the report.**

### **58 FOLLOW UP ON INTERNAL AUDIT RECOMMENDATIONS 30 NOVEMBER 2021 TO 25 FEBRUARY 2022**

The HIA introduced the report and noted that reviewing the follow-up on a quarterly basis sought to reduce the number of outstanding audit recommendations. She added that several had been completed in the period between 30<sup>th</sup> November 2021 to 25<sup>th</sup> February 2022, which showed an increased focus on resolving outstanding issues, though substantial work remained. It was noted that original due dates, revised dates and the number of deferrals were included on p55 for consideration. The HIA noted that efforts had been made to determine whether recommendations could be closed if the original risk had been resolved, though those included within the report still had issues outstanding.

#### Questions and Discussion

- i. It was noted that both the year-end and the efforts of the Committee had helped to expedite resolution of the recommendations.
- ii. Cllr S Penfold asked whether the number of outstanding recommendations was reasonable for the size and nature of the authority. The HIA replied that the number of outstanding recommendations was reasonably high and senior officers were therefore committed to resolving the urgent and important historical recommendations.
- iii. Cllr C Cushing noted that some actions were due for completion in late February and March and asked whether these were on track for completion. The HIA replied that due to the report deadline and the information provided at the time, a fresh update would be required to know whether the actions had now been completed.

## **RESOLVED**

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

### **59 STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2022/23**

The HIA introduced the report and informed Members the Audit Plan had been produced in consultation with assistant directors to take into account various

projects, key risks and the strategic objectives of the Council in the year ahead. She added that it also took into account assurances given in previous years and any external risks that the Council may be exposed to, in order to create a plan that would provide the best coverage of key risks. It was noted that the Internal Audit Charter had been approved in the previous year, whilst the Internal Audit Strategy had been updated to reflect results of the procurement exercise, with a new contract ready to begin in April.

#### Questions and Discussion

- i. The Chairman asked whether the Plan would be flexible moving forward, with dates and tasks open to amendment as and when required. The HIA confirmed this and noted that quarterly progress reports would provide updates as the plan proceeded.
- ii. Cllr C Cushing asked whether there was any pattern to the way in which audits were completed, such as every two or three years for key controls. The HIA replied that a deep dive into financial controls was done every other year, though a portion of financial controls were covered annually under key controls and assurance. She added that other corporate audits such as procurement or matters such as health and safety would be reviewed once every three years, with the frequency of other items determined by risk. It was noted that some flexibility would also be maintained to ensure that any issues that arose throughout the year could be given adequate consideration.
- iii. The recommendations were proposed en bloc by Cllr P Fisher and seconded by Cllr S Penfold.

#### **RESOLVED**

**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.**

#### **60 GOVERNANCE, RISK AND AUDIT COMMITTEE SELF-ASSESSMENT**

The HIA introduced the item and informed Members that it was an opportunity for the Committee to review how it functioned and consider whether there were any issues that required improvement. She added that the action points from the previous year related to improving wider Members' understanding of the role and purpose of the Committee, and ensuring that the skills and knowledge of Committee Members was up to date.

#### Questions and Discussion

- i. The Chairman asked whether any Members felt that more training was required, or whether they were satisfied that they understood the content and had the necessary skills to undertake their role on the Committee. Cllr S Penfold stated that he was generally satisfied with the skills and knowledge of the Committee. Cllr C Cushing agreed and noted that he felt that GRAC was a key Committee of the Council and it was therefore important to ensure



that training was kept up to date.

- ii. It was confirmed that the self-assessment form was generic for all Councils and the Committee was a similar size to those of other authorities. The HIA added that she also undertook the self-assessment exercise with other Councils in the consortium, which provided useful comparisons for improving each Committee. The DSGOS noted that a report covering the work of the Committee was prepared for Full Council on an annual basis, and that the work that had gone into this report had significantly improved wider Members' understanding of the Committee.
- iii. The Chairman noted that there had been more online meetings in the past year due to Covid, and these meetings had been better attended as a result. He referred to the point on support provided to the Committee, which had been marked as partly complete in previous years and asked whether Members felt this had improved. Cllr S Penfold replied that the arrangements were in place for any training and briefings required, and suggested that this could be marked as complete.
- iv. The Chairman referred to a question on whether the Committee's knowledge, skills and abilities had been assessed, and it was suggested that a questionnaire could be circulated amongst Members to confirm this. He added that whilst the Committee was small, its Members had a good understanding of the issues discussed and good substitutes were available if required.

## **RESOLVED**

**Committee discussed the attached checklist at Appendix 1 and agreed which scoring criteria required amendment.**

## **61 CORPORATE RISK REGISTER**

The DFR introduced the report and informed Members that officers were keeping a close eye on the emerging situation in Ukraine, with the potential for fuel shortages that could effect the waste contract, whilst additional fuel reserves were being investigated. He added that approval of the 2022/23 budget was now complete, whilst procurement remained challenging amongst ongoing inflationary pressures. It was noted that Covid infections had remained relatively low compared to other areas, and subsequently staff absences had not been as high as predicted. The DFR stated that at a strategic level, the Council were reviewing the Government's Levelling Up white paper and awaiting further information on the Council's allocation from the shared prosperity fund. He added that the Net Zero Strategy had now been approved, and officers would be working to implement the action plan, whilst energy rebate payments would be made in April. It was noted that updates to the risk management framework and register itself would be prepared for the June meeting.

### Questions and Discussion

- i. The CE stated that officers were receiving guidance on contingency planning as a result of the situation in Ukraine with reference to fuel supplies, price increases and an emerging refugee situation. He added that the Government's Levelling Up white paper had chosen Norfolk as one of nine areas invited to discuss a potential County deal, and this was being actively discussed by Leaders and Chief Executives across the County. It was noted

that the shared prosperity fund contained £400m for the whole Country, and it was therefore suggested that expectations should be managed on the level of funding made available to North Norfolk and the wider County, though full details were yet to be announced. The CE referred back to the situation in Ukraine and noted that the Council only had one contract with a Russian company via a consortium arrangement, and advice was being sought on the level of exposure and whether this could be curtailed.

- ii. Cllr P Heinrich referred to p101 and asked whether the Council was as secure as possible from cyber-attack, which would be an increasing risk under the current circumstances. The DFC replied that he had recently discussed the matter with the ADOR, and been informed that all necessary updates had been made in advance of the required deadline and that it remained a key priority.
- iii. Cllr H Blathwayt noted that EY had pulled out of all operations in Russia, and said that he hoped this would have a positive impact on their UK operations. He added that Bacton Gas Terminal was also a strategically important asset for the UK, and asked whether security had been increased. The CE replied that conversations were taking place with regards to energy security and the transition to net zero, and it was expected that the site would remain a strategically important asset in the immediate future.
- iv. Cllr S Penfold asked whether updates could be provided with more up to date information, noting that it appeared that some risks had not been updated since January for the March meeting, such as the Net Zero Strategy, which had now been approved. The DFC replied that the January dates supplied were slightly misleading, and efforts were made to ensure the report was as up to date as possible prior to publishing the agenda. He added that the report had been submitted just prior to Full Council's decision to approve the Net Zero Strategy, hence it was not listed as approved. The PPMO confirmed that data had been supplied in February, mostly within the second and third week to provide as much up to date information as possible.

#### **RESOLVED**

**To review and note the Corporate Risk Register.**

#### **62 PROCUREMENT EXEMPTIONS REGISTER 12TH NOVEMBER 2021 TO 15TH FEBRUARY 2022**

The MO informed Members that there were no procurement exemptions to report between 12<sup>th</sup> November 2021 to 15<sup>th</sup> February 2022.

#### **RESOLVED**

**To note the procurement exemptions register.**

#### **63 GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST**

The DSGOS referred to the Committee's recommendation to opt-in to joining the PSAA joint-procurement exercise, and noted that the decision had now been approved by Full Council.

#### **RESOLVED**

**To note the update.**

**64 GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME**

The DSGOS informed Members that there was a provisional meeting due to take place on 30<sup>th</sup> March to review the EY Audit report and final statement of accounts, subject to completion, and this would be confirmed as soon as possible.

The meeting ended at 10.58 am.

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Chairman

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## **GOVERNANCE, RISK AND AUDIT COMMITTEE**

**Minutes of the meeting of the Governance, Risk and Audit Committee held on Tuesday, 26 April 2022 at the Council Chamber - Council Offices at 10.00 am**

### **Committee**

#### **Members Present:**

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

#### **Members also attending:**

Mr N Dixon (Observer)	Mr R Kershaw (Observer)
Mr E Seward (Observer)	Mr T Adams (Observer)

#### **Officers in Attendance:**

Democratic Services and Governance Officer - Scrutiny (DSGOS), Chief Executive (CE), Democratic Services Manager (DSM), Assistant Director for Finance, Assets, Legal & Monitoring Officer (MO) and HR Manager (HRM)

### **15 TO RECEIVE APOLOGIES FOR ABSENCE**

Apologies were received from Cllr P Butikofer.

### **16 SUBSTITUTES**

Cllr A Brown substituted for Cllr P Butikofer.

### **17 PUBLIC QUESTIONS**

None received.

### **18 ITEMS OF URGENT BUSINESS**

None received.

### **19 DECLARATIONS OF INTEREST**

None declared.

### **20 MINUTES**

Public minutes of the meeting held on 30<sup>th</sup> March 2022 were approved as a correct record and signed by the Chairman.

### **21 EXCLUSION OF THE PRESS AND PUBLIC**

It was proposed by Cllr A Brown and seconded by Cllr H Blathwayt 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 paragraph 1 & 2, Part 1 of schedule 12A (as amended) to the Act, and that the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons.

## **RESOLVED**

**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 paragraph 1 & 2, Part 1 of schedule 12A (as amended) to the Act.**

### **22 EXEMPT MINUTES**

Discussion of the exempt minutes from 30<sup>th</sup> March 2022 is included within the exempt minutes appendix.

### **23 DESK TOP REVIEW OF FORMAL EMPLOYMENT PROCESSES, SO AS TO IMPROVE CORPORATE LEARNING**

Discussion of the Desktop Review of Form Employment Processes is included within the exempt minutes appendix.

#### **\*The meeting returned to public session to agree resolutions\***

- i. The Chairman confirmed that the Committee had voted to approve the exempt minutes from the meeting held on 30<sup>th</sup> March 2022.
- ii. The Chairman noted that the Committee had received the Desktop Review and had acknowledged some weaknesses in the process and advice in relation to the disciplinary process. He added that the Committee considered that this had been addressed by training and a strengthening of the procurement and exemption procedure, as per the management response of 30<sup>th</sup> March 2022. The statement was proposed by Cllr H Blathwayt and seconded by Cllr S Penfold, with the Committee voting five in favour and one against.
- iii. The Chairman noted that the second recommendation was that the Constitution Working Party consider the separation of roles of those presenting, advising and investigating disciplinary matters in consultation with HR and the ACAS requirements. The recommendation was proposed by Cllr A Brown and seconded by Cllr H Blathwayt, with the Committee voting unanimously in favour.
- iv. The Chairman noted that the final recommendation was for the Council to write to the Secretary of State to express its concerns that the EY audit process took an excessive period of time. The recommendation was proposed by Cllr S Penfold and seconded by Cllr H Blathwayt, with the Committee voting unanimously in favour.
- v. Cllr N Dixon was provided with an opportunity to make a statement as an observer of the meeting, and stated for the record that the first recommendation raised sincere concerns that it had ducked key issues and left many serious questions unanswered, whilst not following the spirit or letter of the Nolan Principles, which had been engaged in the matters discussed.

- vi. Cllr S Penfold asked whether the dates needed to be tightened up for the letter to the Secretary of State, to which the CE replied that the letter would relate specifically to the audit of the period from May-December 2019, which would equate to an eighteen month delay. It was suggested that the times concerned would be addressed fully within the letter sent to the Secretary of State.
- vii. Cllr C Cushing stated that he had voted against the first recommendation as he felt that there were matters that had still not been addressed, and because he felt that the Nolan Principles had not been upheld as expected.

#### **RESOLVED**

- 1. That the Committee received the Desktop Review and had acknowledged some weaknesses in the process and advice in relation to the disciplinary process. The Committee considered that this had been addressed by training and a strengthening of the procurement and exemption procedure, as per the management response of 30<sup>th</sup> March 2022.**
- 2. That the Constitution Working Party consider the separation of roles of those presenting, advising and investigating disciplinary matters relating to statutory officers (following confirmation from HR that this does not breach ACAS requirements).**
- 3. That the Council to write to the Secretary of State to express its concerns that the EY audit process took an excessive period of time.**

The meeting ended at 12.43 pm.

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Chairman

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By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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## **Progress Report on Internal Audit Activity: 26 February 2022 to 6 June 2022**

### **Summary:**

This report examines the progress made between 26 February 2022 to 6 June 2022 in relation to delivery of the Annual Internal Audit Plan for 2021/22.

### **Conclusions:**

The report contains a final 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

Contact Officer, telephone number, and e-mail:

Ward(s) affected:

All

Faye Haywood

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## **1. Background**

- 1.1. This report provides a final progress update regarding internal audits for the agreed 2021/22 plan approved by GRAC on 16 June 2021.

## **2. Overall Position**

- 2.1. The final 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 now complete, with progress reports provided in the attached report.

## **4. Recommendation**

- 4.1 It is recommended that the Committee notes the final executive summaries for reports completed 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: 26 February 2022 to 6 June 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 15<sup>th</sup> June 2021, there have been two significant changes. 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.
- 2.2 In addition to this, the Information Management audit has also been deferred to the 2022-23 plan as internal audit scoping did not identify any significant risks in this area. The plan overall has been reduced by 20 days as a result of these changes.

## 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 150 days of programmed work has now been completed, equating to 100% of the Internal Audit Plan for 2021/22. One internal audit for Environmental Charter is complete and has been issued in draft, we are currently awaiting management responses to finalise the report.

## 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, and one has been issued in draft.

Audit	Assurance	P1	P2	P3
Counter Fraud and Corruption	Limited	2	4	3
Waste Management	Reasonable	0	3	2
Change Control and Patch Management	Reasonable	0	2	3
Key Controls and Assurance	Reasonable	0	4	0
Environmental Charter (DRAFT)	Reasonable	0	2	3

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 28 recommendations have been raised and agreed by management.
- 4.6 In addition, three operational effectiveness matters have been raised for management consideration.

## 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 The 2021/22 Internal Audit Plan has now been delivered, with one audit yet to be formally finalised. An annual overview of KPI performance for 2021/22 is provided within the Annual Internal Audit Opinion 2021/22 report.



## 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	
<b>Quarter 2</b>											
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	Final report issued on 24 March 2022.	Limited	2	4	3	0	June 2022
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
<b>TOTAL</b>		<b>45</b>	<b>45</b>	<b>45</b>							
<b>Quarter 3</b>											
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
<b>TOTAL</b>		<b>52</b>	<b>52</b>	<b>52</b>							
<b>Quarter 4</b>											
Key Controls and Assurance	NN2201	15	15	15	Final report issued on 23 May 2022.	Reasonable	0	4	0	0	June 2022
Waste Management	NN2213	10	10	10	Final report issued on 16 May 2022.	Reasonable	0	3	2	0	June 2022
Economic Growth	NN2211	10	0	0	Deferred to 2022-23.						
Environmental Charter	NN2212	8	8	8	Draft report issued on 23 May 2022.	Reasonable	0	2	3	2	June 2022
<b>TOTAL</b>		<b>43</b>	<b>33</b>	<b>33</b>							
<b>IT Audits</b>											
Information Management	NN2015	10	0	0.5	Deferred						
Change Control and Patch Management	NN2016	10	10	10	Final report issued on 3 May 2022.	Reasonable	0	2	3	1	June 2022
<b>TOTAL</b>		<b>20</b>	<b>10</b>	<b>10.5</b>							
<b>Follow Up</b>											
Follow Up	N/A	10	10	10							
<b>TOTAL</b>		<b>10</b>	<b>10</b>	<b>10</b>							
<b>TOTAL</b>		<b>170</b>	<b>150</b>	<b>150.5</b>			<b>2</b>	<b>29</b>	<b>34</b>	<b>9</b>	
<b>Percentage of plan completed</b>				<b>100%</b>							

## APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

### Assurance Review of NN2204 Counter Fraud and Corruption

#### Executive Summary

##### OVERALL ASSURANCE ASSESSMENT



##### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Counter Fraud and Corruption	2	4	3	0

##### SCOPE

The latest Fighting Fraud and Corruption Strategy has highlighted an increasing threat of fraud related risks for local authorities. Our review examined the Council's approach to fraud in line with the checklist provided as part of this new strategy and suggest practical recommendations for improvement where required. This review was carried out consortium wide to examine areas of best practice. The checklist is divided into five areas: Govern, Acknowledge, Prevent, Protect, Pursue.

## RATIONALE

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- The systems and processes of internal control are, overall, deemed 'Limited Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'urgent', four 'important' and three 'needs attention' recommendations being raised upon the conclusion of our work.

## POSITIVE FINDINGS

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

- There are arrangements in place to promote probity and propriety in the conduct of the Council's business, including the Constitution, Local Code of Corporate Governance and Codes of Conduct.
- A new Code of Conduct, based on a Local Government Association model, was adopted in July 2021. There is a process in place for declaring interests at committee meetings to ensure that all relevant interests are identified and managed appropriately.
- A register of gifts and hospitality is maintained by the Monitoring Officer and reported to Governance, Risk and Audit Committee annually.
- Up to date policies for Whistleblowing and Counter Fraud, Corruption and Bribery are in place and have been approved by Members.
- Data sharing is used to prevent and detect fraud. This includes sharing between departments within the Council and sharing with third parties, such as through the National Fraud Initiative.
- Weaknesses identified through fraud investigations are fed back to departments, with recommendations to address them.

## ISSUES TO BE ADDRESSED

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The audit highlighted the following areas where two 'urgent' recommendations have been made.

### Counter Fraud and Corruption

- An assessment of fraud and corruption risks be undertaken, with Members informed of the outcomes and an action plan put in place to respond to the risks identified.

- A review of the resources required for counter fraud work be undertaken.

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

#### **Counter Fraud and Corruption**

- An annual report be presented to Governance, Risk and Audit Committee on the Council's progress in combating fraud risks.
- Training sessions for counter fraud and corruption to be rolled out across the Council. Records for training sessions to be formally recorded and monitored.
- A programme of work be introduced to improve the counter fraud culture within the Council.
- An annual action plan to carry out all required counter fraud work be put in place and agreed by committee.

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

#### **Counter Fraud and Corruption**

- Fraud risks be considered as part of the process for creating new policies, strategies and initiatives across the Council.
- The Council registers with Government Counter Fraud Profession Knowledge Hub the Fighting Fraud and Corruption Locally regional network.
- The Council's Counter Fraud, Corruption and Bribery Strategy to be revised, to include the Council's tolerance to fraud and corruption.

#### **Operational Effectiveness Matters**

There are no operational effectiveness matters for management to consider.

#### **Previous audit recommendations**

This area has not been subject to previous internal audit review, so there are previous recommendations.

# Assurance Review of NN2213 Waste Management

## Executive Summary

### OVERALL ASSURANCE ASSESSMENT



### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Contract monitoring	0	2	1	0
Gap analysis	0	1	0	0
Performance and risk	0	0	1	0
<b>Total</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>0</b>

No recommendations have been raised in respect of contract change notices or payment mechanism.

### SCOPE

The Council has entered into a joint waste management contract with Breckland Council and Borough Council of Kings Lynn and West Norfolk. The joint review was to provide assurance that the governance and performance arrangements being used to monitor the contract are effective.

## 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 assurance opinion and the recommendations raised in this report relate to the Council's management of the contract, rather than the contractor's performance in delivering the services.
- The previous audit of Waste Management (NN/18/17) was completed in May 2018 and also concluded in a 'Reasonable' assurance opinion, although this was under a different contract and therefore the findings are not directly comparable with this audit.

## POSITIVE FINDINGS

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

- A comprehensive contract is in place, consisting of the documents issued by the Councils and Serco's submissions, to ensure that all parties understand the requirements of the services.
- Contract change notices have been used as required and are formally agreed, to ensure that the contract reflects the needs of the Council.
- Data used for billing is provided by Serco and reviewed by the Council prior to invoices being raised. The data is queried and challenged as necessary before being agreed, to ensure that the Council is paying the correct amount in accordance with the contract.
- The Council is using the platforms and mechanisms available within the contract, such as meetings and performance reports, to raise issues and hold the contractor to account, to ensure that all aspects of the service are being delivered.

## ISSUES TO BE ADDRESSED

---

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

### Contract monitoring

- Review and update the Inter Authority Agreement to ensure that it is clear in terms of managing relations between all three member Authorities to reflect the operational status of the contract. In particular, this should include agreement on the principles which underpin how the contract should be managed for the benefit of all of the Councils, and on mechanisms for resolving disagreements between the Authorities if they arise.

- Ensure Obtain regular assurances that Serco complies fully with its complaints procedure and that there is audit trail to evidence this. Any non-compliances should be formally raised through the Operational Board meeting. A quarterly report should be made to the Contract Management Board by Serco along with details of corrective action taken.

#### Gap analysis

- A gap analysis has been undertaken by the Council to identify differences between the services agreed in the contract and those currently being delivered. Once the outcomes of the gap analysis have been agreed, an action plan to be put in place and be monitored regularly to ensure that outstanding items are fully resolved.

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

#### Contract monitoring

- To liaise with Serco over the content of the daily reports, to ensure that the information in the reports provides the Council with sufficient information to be able to monitor the effective delivery of the service as specified in the contract.

#### Performance and risk

- Review the risks associated with the contract and ensure that they are being adequately recorded and reported on within the Council.

#### Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

#### Previous audit recommendations

The previous audit of Waste Management (NN/18/17) was completed in May 2018 and also concluded in a 'Reasonable' assurance opinion, with one 'important' and one 'needs attention' recommendations being raised. These recommendations have been confirmed as implemented.

#### Other points noted

- There have been delays and challenges with the contract mobilisation throughout the first two years of the contract, which are in part attributable to changes in the operating environment since the contract was procured. The contract for North Norfolk District Council commenced in April 2020, coinciding with the outbreak of Covid-19 in the UK. This required changes to operating arrangements, but Serco continued to provide the full service throughout the year. Continuing into 2021/22, the Covid-19 pandemic has led to increased staff absence, while the volume of domestic waste to collect has increased as a result of changes in people's behaviour such as increased working from home. Serco have also experienced difficulties in recruitment, particularly of HGV drivers, which is linked to the UK leaving the European Union.
- As a result of the issues noted above, Serco have been unable to implement the 'Target Operating Model' that was proposed in their tender submission. A new 'Target Operating Model', the key element of which is a revision to collection rounds, has been agreed by the Council and will be implemented in March 2022.

It is expected that this will lead to more efficient waste collections, with a consequent reduction in complaints, and will free up capacity for Serco to focus on delivering other aspects of the service.

- The Council makes two types of payment under the contract on a monthly basis: a fixed base payment and a variable payment. The variable bill consists of two elements, costs to the Council based on volumes of certain elements and deductions for 'performance failures'. As of February 2022, Serco has provided the volume data and performance data up to October 2021. The volumes have been agreed by the Council, albeit with provisional figures for garden waste and bulky waste, but the performance data has not been agreed, so no variable invoices have been received or paid to date. Based on the data provided, the variable cost to the Council for the period April to October 2021 is £664k, of which the majority consists of garden waste collections (£271k), commercial waste collections (£164k) and emptying litter/dog bins (£146k). The value of 'performance failure deductions', which are deducted from the variable cost, accrued in the same period is £850k, although there are restrictions and discretion over how of these will apply.



# Assurance Review of NN2216 ICT Change Control and Patch Management

## Executive Summary

### OVERALL ASSURANCE ASSESSMENT



### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Change Management Policies and Procedures	0	1	1	0
Change Management - Evaluate, Prioritise and Authorise Change Requests	0	3	0	0
Change management – Track and report Change Status	0	1	0	1
Patch Management Policies and Procedures	0	0	2	0
Total	0	2	3	1

### SCOPE

This area has not been reviewed at the Council before and will provide assurance that security/performance patches and any system changes are approved and executed in line with an appropriate policy.

## 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 three 'Needs Attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'Operational Effectiveness Matter', 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.

## POSITIVE FINDINGS

---

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

- Change requests received are being categorised into specific areas of configuration.
- Emergency changes have been clearly defined
- A documented procedure exists to process any changes defined as an emergency
- All emergency access requests are now formally documented through the ManageEngine module providing a history of changes processed.
- Change requests status reports are available from within the change management module
- Progress reports on progress and status of changes are available.
- A history of changes and the requirement for the change is retained within the change management module.
- A full history of changes is currently retained.
- Change requests are supported by appropriate detail.
- There are automated processes in place to check for vulnerabilities which are rectified promptly.
- Emergency patches are applied as required.
- Patch deployment is monitored and non-compliant devices can be followed up to resolve issues occurring.

## ISSUES TO BE ADDRESSED

---

The audit has highlighted the following areas where two 'Important' recommendations have been made.

### Change Management Policies and Procedures

- A formally agreed policy provides assurance that there is a standardised approach to change management.

### Change Management - Evaluate, Prioritise and Authorise Change Requests

- All change requests received need to be recorded within the ManageEngine change management application to help with resource management and change tracking.

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

### Change Management Policies and Procedures

- The change management policy should be reviewed on a regular basis to ensure that it reflects current and agreed working practices.

### Patch Management Policies and Procedures

- The Patch Management policy need to be updated into a formalised policy and be subject to regular review to ensure it reflects currently agreed working practices.
- Roles and Responsibilities need to be recorded within the Change and the Patch Management policies ensuring that it clearly identifies the role or roles responsible for specific tasks.

### Operational Effectiveness Matters

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

- Consideration to be given to the development of formal Change and Patch Management Key Performance Indicators (KPIs) to facilitate performance monitoring against business objectives.

## Assurance Review of NN2202 Key Controls

### Executive Summary

#### OVERALL ASSURANCE ASSESSMENT



#### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Council Tax and NNDR	0	2	0	0
Car Park Income	0	1	0	0
Cash Income and Receipt (Remittances)	0	1	0	0
<b>Total</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>

\*No recommendation was made for Accounts Payable, Payroll and Housing Benefits.

\*\* The asset reconciliation for the year 2020/21 was not tested during the review (refer to 'Rational' below)

#### SCOPE

The objective of the audit was to review the key controls operating within the systems and controls identified, to help confirm that these are operating adequately, effectively and efficiently.

## 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.
- The previous audit report (NN/21/08), issued in May 2021, and concluded in a 'Reasonable' assurance opinion, having raised four 'important' recommendations. This therefore indicates that the overall level of control/assurance remains unchanged.

## KEY FINDINGS

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### Key Controls Testing

There are a number of key controls within the fundamental financial systems that are required to be covered by internal audit each year, in order to support the Annual Governance Statement (AGS) and the Head of Internal Audit's Annual Report and Opinion.

Under the agreed internal audit plan for 2021/22 a number of these material systems have been reported on in detail and those key controls have been addressed in each system reviewed. Recommendations have been raised in these individual audit reports. The areas this applies to are:

- Accounts Receivable (NN/22/07);
- Accountancy Services (general ledger, control accounts, asset management, treasury management and budgetary control) (NN/22/06); and
- Income (NN/22/08)

In addition, the key controls in the material systems that were not covered as part of the agreed internal audit plan for 2021/22 have been reviewed as part of this audit. The areas to which this applies are:

- Accounts Payable;
- Payroll;
- Housing Benefit and Council Tax Support;

- Council Tax and National Non-Domestic Rates and
- Car park income.

During the internal audit of the above areas within this review, the audit has highlighted the following areas where four 'important' recommendations have been made:

#### **Council tax and NNDR**

- The Council tax and NNDR daily reconciliations, be updated, independently reviewed and completed regularly thereafter.
- The Monthly reconciliation of Council Tax and NNDR Cash income per CIVICA to the general ledger balances, be prepared promptly after month end.

#### **Car Park Income**

- The Council to arrange with the Borough Council of Kings Lynn & West Norfolk to independently reconcile the Penalty Charge Notices (PCN) income collected on behalf of the Council on a regular basis, to ensure that all income collected on behalf of the Council (North Norfolk) is actually received.

#### **Cash Income and Receipt (Remittances)**

- All monthly bank reconciliations to be completed and reviewed promptly at the end of each month.

#### **Operational Effectiveness Matters**

There are no operational effectiveness matters for management to consider.

#### **Other points to note**

The Council reconciles its asset register on an annual basis after year-end. As such, due to timing of the audit, it was not possible to verify reconciliation of the asset register for 2021/22, nor has it been possible to review the reconciliation for 2020/21, either as part of this review or in the review of NN/22/06 Accountancy Services, due to formatting issues with the asset register.

The Council (Accountancy) post journals with a value of less than £100k to the ledger without independent authorisation. The Council is happy to continue to accept the risk associated with this 'policy'.

We therefore acknowledge the approach taken by the Council.

Budgetary Control – Budget monitoring meetings with managers were not held for periods three, five and seven as the Accountancy team were heavily involved with preparing the Outturn reports for 2020/21 and had started the Zero-Based Budgeting process for 2022/23. However, a meeting was held with the managers to discuss both period four and period six reports, a recommendation has therefore not been raised.

#### Previous audit recommendations

Three important recommendations were raised in the previous audit of Key Controls (NN/21/08). Two in respect of treasury management reconciliations and management of aged debt recovery, had been confirmed as implemented through cyclical follow up checks. The third recommendation for monthly bank reconciliations to be completed promptly after month end, which had been previously confirmed as implemented, has been raised again in this report.

# DRAFT Assurance Review of the NN2212 Environmental Charter

## Executive Summary

### OVERALL ASSURANCE ASSESSMENT



### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Charter development	0	0	0	1
Project / objective monitoring; financial and non-financial	0	2	2	1
Management and Member reporting of progress	0	0	1	0
<b>Total</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>2</b>

### SCOPE

A key strategic theme for North Norfolk DC (NNDC) is Climate Coast and the Environment. An Environmental Charter has been developed and a series of targets and objectives agreed. This audit evaluated the progress against the targets and provides assurance on the reliability of data to demonstrate performance in this area.



## RATIONALE

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- 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 three 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised two '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.
- 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 Council has produced an Environmental Charter that states the Council's commitment to achieving net-zero carbon emissions by 2030 and details how it will use its own resources wisely to set a direction through its own actions, working with partners and influencing others. This is in keeping with the key strategic theme for the Council of Climate, Coast and the Environment.
- The Environmental Charter is supported by the Net Zero Strategy and Action Plan (NZSAP) which is a well detailed and well-structured document that has been developed with significant resource, investment and quality. Audit fieldwork has identified areas for improvement, but the general assessment of the Strategy and Plan is a successful achievement. Further, the Environmental Charter is easy to read, visually appealing, well formatted for viewers, the objectives are clearly defined and set out adequately.
- The Council engaged 'Net Zero East', an independent consultancy practitioner, to assist in gathering intelligence used to collate and produce the Charter. This is in addition to appointing a Climate Change and Environmental Policy Manager with the requisite qualifications and skills who helped produce the Charter and to lead on workshops for members of the public.

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

- A review of the Corporate Plan in conjunction with the Net Zero Strategy and Action Plan Environmental Charter, confirmed that the objectives and targets align.
- A review of the minutes of the meeting of the North Norfolk Sustainable Communities Fund Grants Panel confirmed that recommendations are raised for grant funding with supporting narrative and must be agreed and signed off by the Panel. Consultation with the Climate & Environmental Policy Manager was evident to make recommendations on the utility and reasonableness of environmental grant requests. Confirmation was obtained that the verification process is adequate, segregation of duties and approval levels were evident, the allocation of money and how it is spent is tracked and monitored with the awarded organisation, the awarded organisation invoices and quotes for spending are recorded, referees are sought and a signed contract is recorded along with supporting information. (Chapter Two – ‘We will invest in ‘sustainable communities’ by providing grants of up to £15,000 for green initiatives which local town and parish councils and community groups can apply for).
- NNDC issued feedback surveys for the post-GreenBuild event to gather data to improve future events. The T11 Project Closure Report is a summary closure form for the 2021 GreenBuild event that was escalated to the Corporate Leadership Team (CLT) and presented with focus and attention turned to 2022. The key learning points are utilised to generate the plan for 2022 and various options were presented to CLT with inclusivity ratings, risk ratings and detailed approaches for consultation internally, before progressing with the GreenBuild 2022 event. (Chapter 2 ‘We will inspire businesses within the District by providing a platform to promote ‘green business’ activities at council-run events such as the annual Greenbuild event).
- As of 25<sup>th</sup> March 2022, 71,895 trees and hedge plants have been planted across the district in 85 projects. 51,742 of these were planted in the planting season Oct 2021 to March 2022. This is on track to be achieved by the 110,000 target date of 2023. The big tree giveaway is another tree planting initiative that has been achieved in previous years. (Chapter 3 ‘You can take part by joining in with public consultations and local events such as ‘the big tree giveaway’ and the Environment Forum’).

## ISSUES TO BE ADDRESSED

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

### **Project / objective monitoring; financial and non-financial**

- Arrange reporting of progress and milestones to update and inform the public, Members and Corporate Leadership Team with progress on the delivery of Environmental Charter objectives.
- To develop terms of reference for the Project Board that defines structures of a project, meetings' structure, the authority and approval levels, responsibilities, reporting and monitoring arrangements and the Portfolio owner arrangement. The Project to meet as soon as practicable, thereafter.

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

### **Management and Member reporting of progress**

- The key risks defined within the National Audit Office 'Good Practice Guide Climate Change Risk: A Good Practice Guide for Audit and Risk Assurance Committees' to be included within the monitoring and reporting arrangements.

### **Project / objective monitoring; financial and non-financial**

- The financial 'Variance Explanations' document be complete, signed and returned to the Finance Team with all variances stated clearly, in accordance with internal procedure.
- Information posted on the website corresponds with the information reported in the Net Zero Strategy and Action Plan.

### **Operational Effectiveness Matters**

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

- The Council should consider carrying out and recording the planned consultation approach defined within the NZSAP to engage with other councils, the public and local businesses as NNDC progresses towards 2030 Net Zero target.

- Consider the requirement for corporate commitment at an executive level to progress initiatives that require total employee involvement as well as a review of the resource available considering the emissions and transport initiatives delays.

#### Previous audit recommendations

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

#### Other points noted

- At the start of the review, it was established that Climate Change and Environmental Policy Manager did not have access to raise purchase orders in respect of charter activity due to system limitations within eFinancials. This matter was resolved during the course of the audit, with evidence obtained. Hence no recommendation has been raised.

## Annual Report and Opinion 2021/22

### Summary:

This report concludes on the Internal Audit Activity undertaken during 2021/22, it provides an Annual Opinion concerning the organisation's framework of governance, risk management and control and concludes on the effectiveness of Internal Audit and provides key information for the Annual Governance Statement.

### Conclusions:

On the basis of Internal Audit work performed during 2021/22, the Head of Internal Audit is able to give a reasonable (positive) opinion on the framework of governance, risk management and control overall at North Norfolk District Council.

### Recommendations:

- 1. Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit.**
- 2. Note that a reasonable audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2022.**
- 3. Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Council's Annual Governance Statement for 2021/22.**
- 4. Note the conclusions of the Review of the Effectiveness of Internal Audit.**

Cabinet member(s):

All

Contact Officer, telephone number, and e-mail:

Ward(s) affected:

All

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## 1. Background

- 1.1. In line with the Public Sector Internal Audit Standards, which came into force from 1 April 2013; an annual opinion should be generated which concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;
- A summary of the work that supports the opinion should be submitted;
  - Reliance placed on other assurance providers should be recognised;
  - Any qualifications to that opinion, together with the reason for qualification must be provided;
  - There should be disclosure of any impairments or restriction to the scope of the opinion;
  - There should be a comparison of actual audit work undertaken with planned work;
  - The performance of internal audit against its performance measures and targets should be summarised; and,
  - Any other issues considered relevant to the Annual Governance Statement should be recorded.
- 1.2. This report also contains conclusions on the Review of the Effectiveness of Internal Audit, which includes;
- The degree of conformance with the PSIAS 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.

## 2. Overall Position

- 2.1 The Annual Report and Opinion and the Review of the Effectiveness of Internal Audit are shown in the report attached.

## 3. Conclusion

- 3.1 On the basis of Internal Audit work performed during 2021/22, the Head of Internal Audit is able to give a **reasonable** opinion on the framework of governance, risk management and control at North Norfolk District Council.
- 3.2 The outcomes of the Effectiveness Review confirm that Internal Audit:
- Is compliant with the Public Sector Internal Audit Standards;
  - Is continually monitoring performance and looking for ways to improve; and,
  - Is compliant with CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.
- 3.3 These findings therefore indicate that reliance can be placed on the opinions expressed by the Head of Internal Audit, which can then be used to inform the Council's Annual Governance Statement.

## 4. Recommendation

- 4.1 Consider and note the contents of the Annual Report and Opinion of the Head of Internal Audit.
- 4.2 Note that a **reasonable** audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2022.

- 4.3 Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Council's Annual Governance Statement for 2021/22.
- 4.4 Note the conclusions of the Review of the Effectiveness of Internal Audit.

***Appendices attached to this report:***

Annual Report and Opinion 2021/22.

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# Eastern Internal Audit Services



## NORTH NORFOLK DISTRICT COUNCIL

### Annual Report and Opinion 2021/22

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

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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 Those standards – the Public Sector Internal Audit Standards - require the Chief Audit Executive to provide a written report to those charged with governance (known in this context as the Governance, Risk and Audit Committee) to support the Annual Governance Statement (AGS). This report must set out:
- The opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control during 2021/22, together with reasons if the opinion is unfavourable;
  - A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and 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; the level of compliance with the PSIAS 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.
- 1.3 When considering this report, the statements made therein should be viewed as key items which need to be used to inform the organisation’s Annual Governance Statement, but there are also a number of other important sources to which the Governance, Risk and Audit Committee and statutory officers of the Council should be looking to gain assurance. Moreover, in the course of developing overarching audit opinions for the authority, it should be noted that the assurances provided here, can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes subject to internal audit review. The annual opinion is thus subject to inherent limitations (covering both the control environment and the assurance over controls) and these are examined more fully at **Appendix 3**.

## 2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

### 2.1 Roles and responsibilities

- The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.
- The AGS is an annual statement by the Leader of the Council and the Chief Executive that records and publishes the Council’s governance arrangements.
- An annual opinion is required on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control, based upon and limited to the audit work performed during the year.

This is achieved through the delivery of the risk based Annual Internal Audit Plan discussed and approved with the Corporate Leadership Team and key stakeholders and then approved by the Governance, Risk and Audit Committee.

The Internal Audit plan was approved at the meeting held 15 June 2021.

This opinion does not imply that internal audit has reviewed all risks and assurances, but it is one component to be considered during the preparation of the AGS.

The Governance Risk and Audit Committee should consider this opinion, together with any assurances from management, its own knowledge of the Council and any assurances received throughout the year from other review bodies such as the external auditor.

## 2.2 **The opinion itself**

The overall opinion in relation to the framework of governance, risk management and control at North Norfolk District Council is **reasonable** overall.

It is encouraging to note that of the 14 assurance audits completed within the year, 13 resulted in a positive assurance grading.

Substantial assurance was concluded in the following areas:

- Accounts Receivable
- Accountancy Services
- Customer Services

One Limited assurance report has been issued for Counter Fraud and Corruption. A total of two urgent, four important and three needs attention recommendations were raised. We recommend that the high and medium outstanding recommendations raised during this audit are referenced in the Council's Annual Governance Statement for 2021/22. Details of these recommendations can be found at section 3.5 of the report.

It is encouraging to note that work has already begun to implement the recommendations raised and it is envisaged they will be complete following the June 2022 GRAC meeting where the policy and updates will be provided for consideration.

In providing the opinion the Council's risk management framework and supporting processes, the relative materiality of the issues arising from the internal audit work during the year and management's progress in addressing any control weaknesses identified have been taken into account.

The opinion has been discussed with the Section 151 Officer prior to publication.

## 3. **AUDIT WORK UNDERTAKEN DURING THE YEAR**

3.1 **Appendix 1** records the internal audit work delivered during the year on which the opinion is based. In addition, **Appendix 2** is attached which shows the assurances provided over previous financial years to provide an overall picture of the control environment.

3.2 Internal audit work is divided into 4 broad categories:

- Annual opinion audits;
- Fundamental financial systems that underpin the Council's financial processing and reporting;
- Service area audits identified as worthy of review by the risk assessment processes within internal audit;
- Significant computer systems which provide the capability to administer and control the Council's main activities.

### 3.3 **Summary of the internal audit work**

The work undertaken by Eastern Internal Audit Services (TIAA Ltd) in 2021/22 has resulted in 14 assurance opinion reports being completed. 13 of these have been given a positive assurance grading.

A total of 150 days of programmed internal audit work has been completed from 170 days originally agreed. The Economic Development audit of 10 days has been deferred at the request of management and added to 2022/23 internal audit plan. The 10-day review of Information Management has also been deferred due to no significant risks having been identified during scoping. Risks for this area will be re-evaluated during internal audit planning in January 2023.

One report in the area of Environmental Charter remains in draft at the time of writing, awaiting management response. The grading indicated during this audit has been relied upon for the opinion.

The Executive Summary of all reports are presented to the Governance Risk and Audit Committee throughout the year as they are finalised, ensuring open and transparent reporting and enabling the Committee to review key service area controls and the conclusions reached.

### 3.4 **Follow up of management action**

In relation to the follow up of management actions to ensure that they have been effectively implemented the position at year end is that 26 recommendations in total are overdue.

A total of 14 recommendations (eight important, six needs attention) are outstanding from 2019/20.

Two important priority recommendations are outstanding from 2020/21, both in relation to Procurement Contract Management.

A total of 60 recommendations have been agreed so far in 2021/22. 20 recommendations have been completed. 10 recommendations are outstanding (two urgent; three important; and five needs attention). 30 recommendations are not yet due.

Please refer to **Appendix 3**, which shows the details of the progress made to date in relation to the implementation of the agreed recommendations and **Appendix 4**, which provides an update from management regarding all urgent and important outstanding recommendations.

### 3.5 **Issues for inclusion in the Annual Governance Statement**

The latest CIFAS Fighting Fraud and Corruption Strategy has highlighted an increasing threat of fraud related risks for local authorities. An audit was carried out in 2021/22 to examine the Council's approach to fraud in line with the checklist provided and suggested practical recommendations for improvement where required. This review was carried out across the internal audit consortium to examine areas of best practice.

As a result of the above audit a limited assurance grading was concluded. A total of two urgent, four important and three needs attention recommendations were raised. Two needs attention priority recommendations are now complete. Two urgent recommendations are outstanding and the remaining are currently within deadline.

The following urgent and important recommendations were raised.

**Urgent:**

- An assessment of fraud and corruption risks be undertaken, with Members informed of the outcomes and an action plan put in place to respond to the risks identified
- A review of the resources required for counter fraud work be undertaken.

**Important:**

- An annual report be presented to Governance, Risk and Audit Committee on the Council's progress in combating fraud risks.
- Training sessions for counter fraud and corruption to be rolled out across the Council. Records for training sessions to be formally recorded and monitored.
- A programme of work be introduced to improve the counter fraud culture within the Council.
- An annual action plan to carry out all required counter fraud work be put in place and agreed by committee.

A revised Counter Fraud and Corruption policy has been drafted in by the Head of Internal Audit covering the points raised by the above audit and this has been considered by the Corporate Leadership Team. The revised policy, a fraud risk assessment and risk update report will be presented to the June 2022 GRAC meeting by the Director for Resources.

It is anticipated that the agreed actions from the audit will be completed following the June 2022 GRAC meeting, however, it is recommended that the urgent and important actions raised are referenced within the Council's 2021/22 Annual Governance Statement. This will allow the Council to acknowledge that the control framework for Counter Fraud and Corruption required enhancement at this time.

#### **4. THIRD PARTY ASSURANCES**

- 4.1 In arriving at the overall opinion reliance has not been placed on any third-party assurances.

#### **5. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT**

##### **5.1 Quality Assurance and Improvement Programme (QAIP)**

###### **5.1.1 Internal Assessment**

A checklist for conformance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note has been completed for 2021/22. This covers; the Definition of Internal Auditing, the Code of Ethics and the Standards themselves.

The Attribute Standards address the characteristics of organisations and parties performing Internal Audit activities, in particular; Purpose, Authority and Responsibility, Independence and Objectivity, Proficiency and Due Professional Care, and Quality Assurance and Improvement Programme.

The Performance Standards describe the nature of Internal Audit activities and provide quality criteria against which the performance of these services can be evaluated, in particular; Managing the Internal Audit Activity, Nature of Work, Engagement Planning, Performing the

Engagement, Communicating Results, Monitoring Progress and Communicating the Acceptance of Risks.

Through completion of the checklist, we can confirm that the service conforms with Definition of Internal Auditing, the Code of Ethics and the Performance Standards.

### 5.1.2 External Assessment

In relation to the Attribute Standards it is recognised that to achieve full conformance an external assessment is required every five years. Conformance was last achieved in January 2017 and the next review due for October 2022.

## 5.2 Performance Indicator outcomes

5.2.1 Actual performance against targets used to manage the internal audit contract are outlined within the following table:

Area / Indicator	Frequency	Target	Actual	Comments
<u>Audit Committee / Senior Management</u>				
1. Audit Committee Satisfaction – measured annually	Annual	Adequate	Excellent	Exceeded
2. Chief Finance Officer Satisfaction – measured quarterly	Annual	Good	Good	Achieved
<u>Internal Audit Process</u>				
3. Each quarters audits completed to draft report within 10 working days of the end of the quarter	Quarterly	100%	36%	Not achieved.
4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter	Quarterly	100%	0%	Not achieved
5. An audit file supporting each review and showing clear evidence of quality control review shall be completed prior to the issue of the draft report (a sample of these will be subject to quality review by the Contract Manager)		100%	100%	Achieved
6. Compliance with Public Sector Internal Audit Standards		Generally conforms	Generally conforms	Achieved
7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.		100%	100%	n/a
<u>Clients</u>				
8. Average feedback score received from key clients (auditees)		Adequate	Good	Achieved, 9 responses received
9. Percentage of recommendations accepted by management		90%	98%	Exceeded
<u>Innovations and Capabilities</u>				
10. Percentage of qualified (including experienced) staff working on the contract each quarter		60%	89%	Exceeded
11. Number of training hours per member of staff completed per quarter		1 day	1 day	Achieved

- 5.2.2 Performance has not been in line within the boundaries of our agreed targets in some areas during 2021/22 such as the issuing of draft reports 10 day after quarter end or performance reports being provided within a 15 working day window after quarter end.

As reported to the Governance Risk and Audit Committee throughout the year, Internal Audit performance has continued to be impacted in 2021/22 by the Covid-19 pandemic. The development and approval of the 2021/22 internal audit plan in quarter two had an impact on the profiling and resourcing of the internal audit plan. A period of adjustment was also required in response to prolonged remote working practices.

This performance result has been experienced throughout the internal audit consortium in 2021/22 with other third-party assurance providers also reporting similar challenges. Resourcing levels did settle in time to ensure the 2021/22 plan of work could be completed but it has not yet been entirely finalised.

In response to the challenges faced this year, the Head of Internal Audit has enhanced communication and monitoring arrangements. The contractor has also committed to reviewing resource planning processes by allocating resources and booking in audits well in advance of the proposed start date.

The 2021/22 procurement exercise has now concluded which will see the current contractor continue to provide the Internal Audit service. The Head of Internal Audit has used this opportunity strengthen the key performance measures around timeliness within the contract.

### **5.3 Effectiveness of the Head of Internal Audit (HIA) arrangements as measured against the CIPFA Role of the HIA**

- 5.3.1 This Statement sets out the 5 principles that define the core activities and behaviours that apply to the role of the Head of Internal Audit, and the organisational arrangements to support them. The Principles are:

- Champion best practice in governance, objectively assessing the adequacy of governance and management of risks;
- Give an objective and evidence based opinion on all aspects of governance, risk management and internal control;
- Undertake regular and open engagement across the Authority, particularly with the Management Team and the Audit Committee;
- Lead and direct an Internal Audit Service that is resourced to be fit for purpose; and
- Head of Internal Audit to be professionally qualified and suitably experienced.

Completion of the checklist confirms full compliance with the CIPFA guidance on the Role of the Head of Internal Audit in relation to the 5 principles set out within.

The detailed checklist has been forwarded to Section 151 Officer for independent scrutiny and verification.

## APPENDIX 1 – AUDIT WORK UNDERTAKEN DURING 2021/22

Audit Area	Assurance	No of Recs	Implemented	P1 OS	P2 OS	P3 OS	Not yet due
Annual Governance Statement	Reasonable	4	1	0	0	0	3
Key Controls and Assurance	Reasonable	4	0	0	0	0	4
Performance Management, Corporate Policy and Business Planning	Reasonable	4	3	0	0	1	0
Counter Fraud and Corruption	Limited	9	2	2	0	0	5
Project Management Framework	Reasonable	11	9	0	0	1	1
Accountancy Services	Substantial	1	0	0	0	0	1
Accounts Receivable	Substantial	2	0	0	0	2	0
Income	Reasonable	3	1	0	1	1	0
Covid-19 Business Grants	Reasonable	4	2	0	2	0	0
Customer Services	Substantial	3	2	0	0	0	1
Environmental Charter	Reasonable (DRAFT)	5	0	0	0	0	5
Waste Management	Reasonable	5	0	0	0	0	5
Environmental Health	Reasonable	5	0	0	0	0	5
<b>IT Audits</b>							
Change Control and Patch Management	Reasonable	5	0	0	0	0	5
<b>Totals</b>		<b>65</b>	<b>20</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>35</b>

Assurance level definitions		Number
Substantial Assurance	Based upon the issues identified there is a robust series of suitably designed 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 audit review were being consistently applied.	3
Reasonable Assurance	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisations 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.	10
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.	1
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.	0



Urgent – Priority 1	Fundamental control issue on which action to implement should be taken within 1 month.
Important Priority 2	Control issue on which action to implement should be taken within 3 months.
Needs Attention – Priority 3	Control issue on which action to implement should be taken within 6 months.

## APPENDIX 2 - ASSURANCE CHART

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Annual Opinion and Governance Audits</b>						
Corporate Governance		Substantial		Reasonable		X
Risk Management	Substantial		Reasonable			X
Digital Transformation		Substantial				
Key Controls and Assurance	Reasonable	Substantial	Substantial	Reasonable	Reasonable	X
Project Management Framework			Position Statement		Reasonable	
Coronavirus Response and Recovery				Position Statement		
Performance Management, Corporate Policy and Business Planning	Substantial				Reasonable	
Counter Fraud and Corruption					Limited	
Corporate Health and Safety						X
Annual Governance Statement					Reasonable	
Cromer Sports Hub				No Assurance		
<b>Fundamental Financial Systems</b>						
Accounts Receivable	Reasonable		Reasonable		Substantial	
Income	Substantial		Reasonable		Reasonable	
Accountancy Services	Substantial		Substantial		Substantial	
Local Council Tax Support and Housing Benefits		Substantial		Reasonable		X
Council Tax / NNDR		Substantial		Substantial		X
Accounts Payable		Reasonable		Substantial		X
Covid-19 Business Grants					Reasonable	
Payroll / HR		Reasonable		Substantial		X

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Procurement	Reasonable		Reasonable	Position Statement		
CSO Exemptions				Position Statement		
Economic Growth						X
Coastal Management			Substantial			
Housing Strategy and Affordable Housing			Reasonable			
Private Sector Housing and Disabled Facilities Grants				Reasonable		
Homelessness and Housing Options		Reasonable				
Development Management, Planning, s106 Agreements, Community Infrastructure Levy and Land Charges			Reasonable			
Building Control	Substantial					X
Land Charges	Reasonable					
Development Management includes planning applications	Reasonable					X
Waste Management	Reasonable				Reasonable	
Environmental Health	Reasonable	Reasonable			Reasonable	
Business Continuity			Reasonable			
Leisure			Substantial			
Property Services Operational			Reasonable			X
Car Parking	Reasonable		Reasonable			
Markets						
Beach Huts	Substantial					
Elections / Electoral Registration		Substantial				

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Democratic Services						
Customer Services					Substantial	
Environmental Charter					Reasonable	
Pier Pavilion		Reasonable				X
Legal Services						X
<b>IT Audits</b>						
Remote Access				Reasonable		
Revenues and Benefits Application	Substantial					
Network Infrastructure		Reasonable				
Network Security		Reasonable				
Disaster Recovery	Reasonable		Reasonable			X
Software Licensing						
Cyber Security			Reasonable			
Business Support Arrangements		Position Statement				
Information Management						
Change Control and Patch Management					Reasonable	
Applications review: Finance System Upgrade						X
CIS Application			Reasonable			
Contact Management System	Reasonable					

### APPENDIX 3 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed bt 25 February 2022 and 31 March 2022			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
Audit Ref	Audit Area	Assurance Level	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
<b>2018/19 Internal Audit Reviews</b>															
NN1914	Environmental Health	Reasonable		1	1							0			
<b>2019/20 Internal Audit Reviews</b>															
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							0			
NN2011	Key Controls and Assurance	Substantial			1							0			
NN2017	GIS Application	Reasonable					2	3				5			
<b>2020/21 Internal Audit Reviews</b>															
NN2111	Remote Access	Reasonable		2	1							0			
NN2107	Procurement Contract Management	Position Statement					2					2			
<b>2021/22 Internal Audit Reviews</b>															
NN2203	Performance Management, Corporate Policy and Business Planning	Reasonable									1	1			
NN2205	Project Management Framework	Reasonable		4	5						1	1			1
NN2201	Annual Governance Statement	Reasonable			1							0		1	2
NN2209	Covid-19 Business Grants	Reasonable		2						2		2			
NN2210	Customer Services	Substantial			2							0			1
NN2207	Accounts Receivable	Substantial									2	2			
NN2204	Counter Fraud and Corruption	Limited			2				2			2		4	1
NN2206	Accountancy Services	Substantial										0			1
NN2216	Change Control and Patch Management	Reasonable										0		2	3
NN2213	Waste Management	Reasonable										0		3	2
NN2202	Key Controls and Assurance	Reasonable										0		4	
NN2214	Environmental Health	Reasonable										0		3	2
NN2208	Income	Reasonable		1						1	1	2			
<b>TOTALS</b>			<b>0</b>	<b>10</b>	<b>15</b>	<b>0</b>	<b>10</b>	<b>6</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>26</b>	<b>0</b>	<b>17</b>	<b>13</b>

## APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

2019/20

Job	Recommendation	Priority	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	AD Planning	30/04/2020	30/09/2022	4	Outstanding	The Exacom project is now in progress and a project plan has been pulled together to incorporate the controls required to mitigate this risk. A go live date of September 2022 is expected.
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	AD Planning	30/04/2020	30/09/2022	4	Outstanding	The Exacom project is now in progress and a project plan has been pulled together to incorporate the controls required to mitigate this risk. A go live date of September 2022 is expected.
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	AD Planning	31/01/2020	30/09/2022	5	Outstanding	The Exacom project is now in progress and a project plan has been pulled together to incorporate the controls required to mitigate this risk. A go live date of September 2022 is expected.
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	AD Planning	31/01/2020	30/09/2022	5	Outstanding	The Exacom project is now in progress and a project plan has been pulled together to incorporate the controls required to mitigate this risk. A go live date of September 2022 is expected.
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	AD Planning	31/10/2020	30/06/2022	4	Outstanding	To be progressed as an action within Planning Service Improvement plan. Customer Questionnaire developed to be issued shortly.

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2009 - Planning Applications and Development Management	Recommendation 4: Monthly reconciliations of planning fee income be reinstated and subject to independent review.	2	AD Planning	01/04/2020	30/06/2022	4	Outstanding	Meeting being planned with Finance to exploit UNIFORM software to enable monthly reconciliations.
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	ICT Applications Manager	31/07/2020	30/06/2022	5	Outstanding	A timetabled review of Cadcorp procedures has been completed with appropriate version control added to each to show review date and resulting changes. The next review will be undertaken imminently at which point we can confirm initial review has been undertaken and appropriate version control enacted.
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	ICT Applications Manager	01/05/2020	31/07/2022	5	Outstanding	Recruitment to GIS team scheduled for forthcoming 3 months. This will provide the required resilience to the team.

## 2020-21

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
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	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	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. We will continue in the meantime with manual processes.

**2021-22**

Job	Recommendation	Priority	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	Senior Finance Officer	31/12/2021	N/A	1	Complete, awaiting evidence	
NN2204 Counter Fraud and Corruption	Recommendation 1: The Council undertake an assessment of the fraud and corruption risks that it faces and put in place actions to mitigate them. Once complete the assessment needs to be used to update service plans and determine whether a strategic risk should be added to the corporate risk register. The Governance, Risk and Audit Committee and the relevant Portfolio Holder to be briefed on the risks identified.	1	Director for Resources	31/05/2022	30/06/2022	1	Outstanding	The Corporate Leadership Team (CLT) will be considering the fraud assessment during May 2022 and will consider at that point any further action in relation to the Corporate Risk Register. CLT will also be considering the updated Anti-Fraud and Corruption policy. A report will then follow to the GRAC in June 2022 covering these issues.
NN2204 Counter Fraud and Corruption	Recommendation 2: An assessment of the resources required to deliver counter fraud work be undertaken.	1	Director for Resources	31/05/2022	30/06/2022	1	Outstanding	Resource requirements will be considered as part of the CLT report outlined above.
NN2209 Covid-19 Business Grants	Recommendation 2. Post payment assurance plans must be developed for the ARG and where required in the event of future grant schemes. The plans should incorporate the required company and bank account checks if it is determined that these checks were not completed through the course of pre-payment assurance activities.	2	Business Development Officer	31/03/2022	N/A	N/A	Complete, awaiting evidence	
NN2209 Covid-19 Business Grants	Recommendation 4. A risk assessment should be completed and regularly updated for any ongoing and future grant schemes.	2	Business Development Officer	31/03/2022	N/A	N/A	Complete, awaiting evidence	



## **APPENDIX 5 – LIMITATIONS AND RESPONSIBILITIES**

### **Limitations inherent to the Internal Auditor's work**

The Internal Audit Annual Report has been prepared and TIAA Ltd (the Internal Audit Services contractor) were engaged to undertake the agreed programme of work as approved by management and the Audit Committee, subject to the limitations outlined below.

### **Opinions**

The opinions expressed are based solely on the work undertaken in delivering the approved 2021/22 Annual Internal Audit Plan. The work addressed the risks and control objectives agreed for each individual planned assignment as set out in the corresponding audit planning memorandums (terms of reference) and reports.

### **Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve corporate/service policies, aims and objectives: it can therefore only provide reasonable and not absolute assurance of effectiveness. Internal control systems essentially rely on an ongoing process of identifying and prioritising the risks to the achievement of the organisation's policies, aims and objectives, evaluating the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. That said, internal control systems, no matter how well they have been constructed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

### **Future Periods**

Internal Audit's assessment of controls relating North Norfolk District Council is for the year ended 31 March 2022. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

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

### **Responsibilities of Management and Internal Auditors**

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

The Head of Internal Audit, has sought to plan Internal Audit work, so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, additional work will then be carried out which is directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected and TIAA's examinations as the Council's internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

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## LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT (AGS) 2021/22

### Summary:

The Corporate Governance framework is made up of the systems and processes, culture and values by which an organisation is directed and controlled. For local authorities this includes how a Council relates to the community it serves. The Local Code of Corporate Governance is a public statement of the ways in which the Council will achieve good corporate governance. This is based on the development of the '*Delivering Good Governance in Local Government: Framework*' (2016) produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) and focusses on the seven core principles and sub-principles of good governance. The Annual Governance Statement (AGS) is prepared following a review of all the evidence available to the Council in seeking compliance with its Local Code. An Internal Audit review of the AGS was completed in January 2022 and achieved a 'reasonable' assurance level, the recommendations from that audit have been incorporated into the 2021/22 Statement. As with last year, both of these documents have been considered in light of the ongoing Covid-19 pandemic.

### Conclusions:

The arrangements set out in the Local Code of Corporate Governance and the Annual Governance Statement (AGS) will allow the Council to move ahead with its corporate planning processes confident that it can address the issues of governance and risk.

### Recommendations:

**Members are asked to review and approve the Annual Governance Statement (AGS) along with the updated Local Code of Corporate Governance.**

Cabinet Member(s)	Ward(s) affected
Cllr Eric Seward	All
Contact Officer, telephone number and email: Cara Jordan, 01263 516373, cara.jordan@north-norfolk.gov.uk	

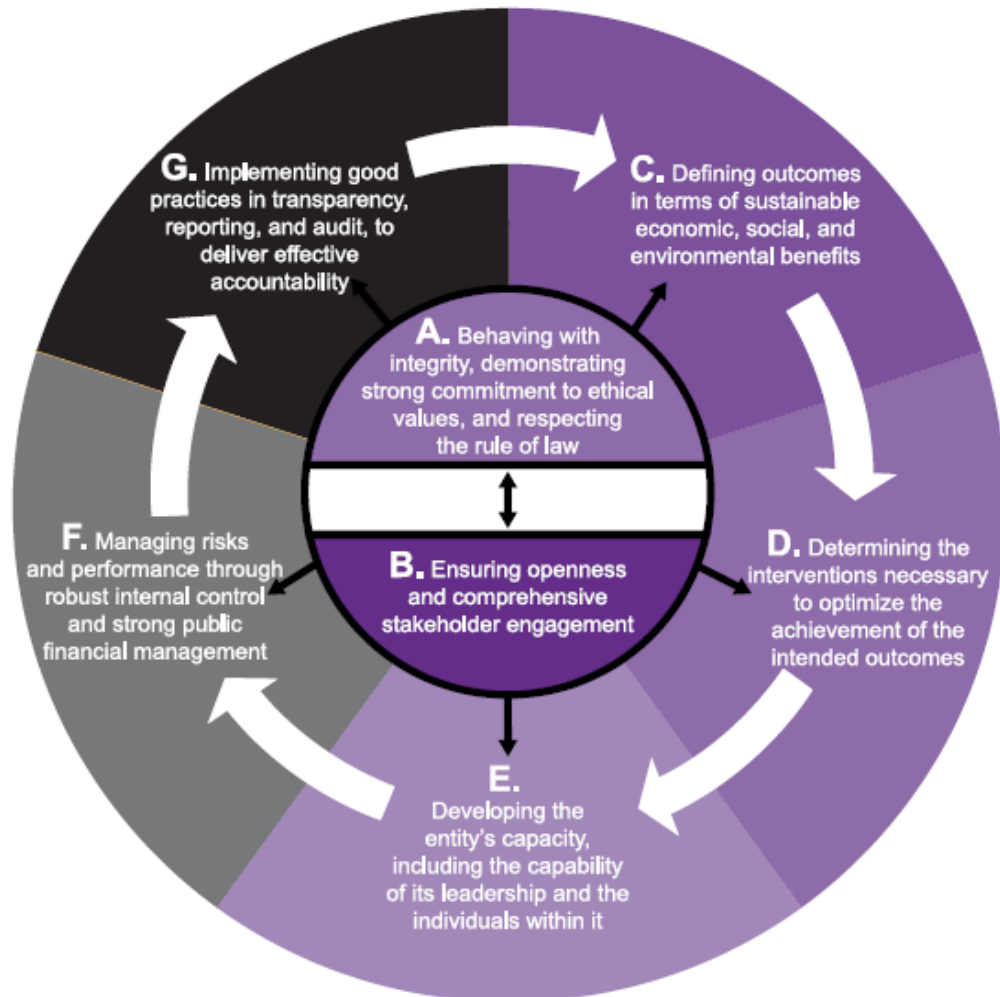
## **1. Introduction**

- 1.1 Attached to this report are two documents for consideration by the Governance, Risk and Audit Committee (GRAC). These are;
- The Local Code of Corporate Governance (Appendix A)
  - The Annual Governance Statement (AGS) (Appendix B)
- 1.2 An Internal Audit review of the AGS was completed in January 2022 and achieved a 'reasonable' assurance level with just one recommendation designated as 'important'. This related to better linking and summarising the findings from the self-assessment process within the AGS, cross-referenced to the Action Plan.
- 1.3 The recommendations from the audit have been incorporated into the 2021/22 Statement.

## **2. The Local Code of Corporate Governance**

- 2.1 The Local Code of Corporate Governance (the Local Code) is a public statement of how the Council seeks to achieve good corporate governance. It is best practice for each authority to adopt a Local Code of Corporate Governance, which demonstrates how the Council will achieve good governance.
- 2.2 The 2016/17 financial year saw the introduction of the Local Code and was based on the development of the new '*Delivering Good Governance in Local Government: Framework*' (CIPFA/Solace, 2016) ('the Framework').
- 2.3 The Local Code was updated for the 2021/22 financial year and an updated draft for 2021/22 is included as part of this report for comment and consideration.
- 2.4 The main principle underpinning the emergence of the Framework continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision-making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

- 2.5 The Framework follows the seven core principles and sub-principles of good governance as identified by CIPFA/SOLACE as shown below with principles A and B permeating the implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review. The updated Local Code can be found within Appendix A.



- 2.6 There are some key requirements that need to be met to demonstrate compliance with the core principles and these are listed along with 'evidences' and source documents. These evidences must be reviewed regularly to ensure that they are up to date and remain sufficiently current. Any gaps in compliance are identified and form an action plan, which is monitored throughout the year.

### 3. Annual Governance Statement (AGS)

- 3.1 Also attached is the draft AGS for 2021/22 (Appendix B) which should be read and considered in conjunction with Appendix A (the Local Code). This statement provides assurances as to the in-year operation of the risk and governance arrangements adopted by the Council. It is prepared after reviewing all of the evidences available to the GRAC, the Council's Corporate Leadership Team, Management Team, Head of Internal Audit, external audit and the statutory officers of the Council.

- 3.2 The AGS sets out how the Council ensures that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, effectively and efficiently in the delivery of its services.
- 3.3 North Norfolk District Council has adopted its own Local Code of Corporate Governance, which supports this AGS. The Local Code is compliant with the recommendations of the CIPFA/SOLACE *'Delivering Good Governance in Local Government: Framework'* as updated for 2016.
- 3.4 As with last year, both the Local Code and the AGS have been considered in light on the ongoing Covid-19 pandemic. In line with CIPFA best practice the review process this year has again been expanded to include asking managers to consider and comment on any significant issues which have been caused by the COVID-19 pandemic or of the impact has identified any areas of weakness in governance.
- 3.5 The AGS is signed by the Leader of the Council and the Chief Executive. The GRAC are asked to consider and approve the draft report as attached.

#### **4. Review of Effectiveness**

- 4.1 The Council is committed to a sound system of Governance that reflects:
- openness, accountability and integrity
  - compliance with laws, policies and regulations
  - the identification and monitoring of all strategic and operational risks
- 4.2 The key document for the Council is the Corporate Plan. The risks to its achievement are outlined in the comprehensive risk registers maintained by the Authority.
- 4.3 The review of the Governance arrangements is undertaken through a number of mechanisms including the report from the Head of Internal Audit and the Heads of Service annual assurance certificates as well as the various inspection regimes undertaken by the External Auditors, all of which feed into and support the overall review.
- 4.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) have developed a new Code of Practice for local authorities focussing on embedding good practice in Financial Management. This new document is a principles based Code which is designed to help councils show they are financially sustainable.

All Councils will be expected to have implemented the Code before 31st March 2022 and the completion of this work is included within the recommendations of the AGS. This requirement has previously been shared with both the Corporate Leadership Team and the Management Team and work has already been progressed to ensure that this requirement is delivered within the timescales outlined.

#### **5. Conclusion**

- 5.1 The arrangements set out within the updated Local Code of Corporate Governance and the AGS will allow the Council to move forward with its corporate planning processes and remain confident that it can address the issues of governance and risk.

## **6. Recommendations**

- 6.1 Members are asked to review and approve the AGS along with the updated Local Code of Corporate Governance.

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## North Norfolk District Council Local Code of Corporate Governance 2021/22

North Norfolk is a fantastic place to live, work and visit – covering over 360 sq miles of coastal and rural environment, with a population of over 104,000 people living in 120 distinct communities, our District is one of England's top holiday destinations and a place where people positively choose to live, with large numbers of people retiring to the area.

However, despite these positive attributes we also have some big challenges: responding to environmental change, increasing housing supply, supporting economic growth, meeting the challenges of service delivery to rural communities and the needs of both our young people and a rapidly ageing population. Our Corporate Plan sets out our vision for the Council and its work over the four year period 2019 to 2023. It reflects the essential needs and aspirations of our customers and communities and how we feel the Council can best use its resources to deliver services and outcomes that make a positive difference for everyone who lives in, works in or visits North Norfolk. The Corporate Plan is a strategic document, listing the priorities for council actions for the period 2019 to 2023, giving our shared vision and our values and listing the priority areas on which the council intends to concentrate its efforts:

- Local Homes for Local Need
- Boosting Business Sustainability and Growth
- Customer Focus
- Climate, Coast and the Environment
- Quality of Life
- Financial Sustainability and Growth

The Corporate Plan objectives are achieved by implementing the actions in the Delivery Plan. This plan sets out clearly what the Council intends to do. The plan is regularly reviewed and kept up to date to ensure it remains relevant. The Council, since the Covid-19 outbreak, has recognised that not all actions in the Delivery Plan can be delivered to the previously agreed timescales. Therefore, it has set key priorities within the Delivery Plan that it wants officers to give precedence over other actions. These key priorities were set in October 2020 and reviewed and updated in November 2021.

As a Local Authority, we are entrusted with public funds and aim to spend these wisely to improve outcomes in our District. Our Local Code of Corporate Governance is the framework of policies, procedures, behaviours and values which determine how we work to achieve our priorities, and is based upon the 7 core principles of the International Framework: Good Governance in the Public Sector which are as follows;

- Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entities capacity, including the capacity of its leadership and the individuals within it

- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

Good governance supports the Council through:

- Enabling the Council to achieve its objectives in an open and accountable way
- Ensuring decisions are sound and lawful, upholding the Council's reputation and minimising the risk of financial loss
- Ensuring decisions take into account local people's needs and priorities
- Giving the public confidence in the work we do
- Underpinning our Code with our four corporate values which are as follows;
  - We respect people and treat everyone fairly
  - We are open and honest and listen
  - We strive to offer the best value for money service
  - We welcome new challenges and embrace change
- Each year, the Council reviews its governance arrangements through the Annual Governance Statement, ensuring these arrangements are adequate and operating effectively. Where reviews identify any gaps in corporate governance, or areas for improvement, recommendations for improvements are made

## North Norfolk District Council – Local Code of Corporate Governance

<b>Principle</b>	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Ensuring openness and comprehensive stakeholder engagement	Defining outcomes in terms of sustainable economic, social and environmental benefits	Determining the interventions necessary to optimise the achievement of intended outcomes	Developing the entity's capacity, including the capability of its leadership and the individuals within it	Managing risks and performance through robust internal control and strong public financial management	Implementing good practices in transparency, reporting and audit, to deliver effective accountability
<b>What we aim to achieve</b>  Page 87	We are accountable for the money entrusted to us. We can show decisions we take are appropriate and there are strong processes in place to encourage and enforce compliance with the Council's values and the law	Local Government is accountable to its public. We use clear channels of communication to engage with our residents and stakeholders, understanding their needs. We manage expectations and model Service delivery to respond to demand	We form clear, long term priorities in line with our long term ambitions. We balance the competing demands and priorities we face and allocate resources accordingly.	We have robust decision making processes to ensure defined outcomes can be achieved given the varying demands we face. We monitor our performance and delivery on an ongoing basis to ensure intended outcomes are achieved	We are a recognised investor in our people and work to develop our talent to maximize the potential of the resources we hold. We remain at the forefront of national developments to support our commitment to retaining viability.	We have robust management information procedures to ensure that outcomes are accurately reported and monitored. We welcome challenge to the way we operate, and actively learn in order to improve the way we deliver	We pro-actively make information available to give Stakeholders confidence in our decision making. We have strong systems of oversight, including audit and scrutiny, to maintain accountability for our delivery

Principle	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Ensuring openness and comprehensive stakeholder engagement	Defining outcomes in terms of sustainable economic, social and environmental benefits	Determining the interventions necessary to optimise the achievement of intended outcomes	Developing the entity's capacity, including the capability of its leadership and the individuals within it	Managing risks and performance through robust internal control and strong public financial management	Implementing good practices in transparency, reporting and audit, to deliver effective accountability
<b>The key tools we use to support our compliance</b>  <div>Page 88</div>	Codes of Conduct Constitution Corporate Values Financial Standing Orders Contract Standing Orders Staff/Member induction/training Appraisal and development systems/ 'Check Ins' Performance Management Framework Counter-Fraud, Corruption and Bribery Strategy Whistleblowing Policy Register of Interests/Gifts Compliments and Complaints Systems and Policy Procurement Policy Partnership Framework & Principles Guidance	Customer Service Strategy Publication of minutes and decision notices Customer Complaints, Compliments and Contacts Policy Consultation Exercises Communications Delivery Plan 2021 Quarterly performance reports FOI scheme Council website Corporate Plan Committee timetables Constitution Performance Management Framework Statutory provisions Partnership Framework Member Bulletin Staff updates Intranet Customer Charter	Corporate Plan Delivery Plan Annual Service Planning Budget and Capital Programme Medium Term Financial Strategy Asset Management Plan Risk Management Framework/Business Continuity Plan/Policy Programme Management approaches Equality Assessments Performance Management Framework Communications Delivery Plan 2021 Committee reports Housing Strategy Net Zero Strategy & Action Plan	Committee work Programmes/ timetables Consultation exercises Risk Assessments/Framework Procurement Strategy Reviews of core services Medium Term Financial Strategy Communications Delivery Plan 2021 Performance Management Framework Partnership Framework and Principles Guidance Budget framework Committee reports Annual Governance Statement	Digital Transformation Programme Service Reviews Investors in People (Silver) Scheme of Delegation Performance Management Framework Peer Reviews Appraisal and development systems/ 'Check Ins' Agile Working Policy Attendance & Absence Policy Employee Code of Conduct Diversity & Equality Policy Asset Management Plan Partnership Framework and Principles Guidance Job descriptions Benchmarking exercises	Risk Management Framework/Business Continuity Plan/Policy Team Plans Overview & Scrutiny Governance, Risk & Audit Committee (GRAC) Internal/external audit Budget Management procedures Treasury Management Strategy Debt Management Policies Health and Safety Policies Information Management Strategy Performance Management Framework SIRO Officer Information Management Strategy Data Protection Policy Data Quality Policy Risk Assessments Corporate Risk Register Service Risk Register	Internal/external audit External inspection of internal audit Corporate Governance Frameworks Annual Governance Statement Pay Policy Statement Transparency agenda Council website Monitoring Officer's Annual Report Financial Statements Overview & Scrutiny Committee Quarterly performance reports Local Code of Corporate Governance Audit protocols Medium Term Financial Strategy

Principles of Good Governance	Behaviours and actions that can demonstrate this	How we put this in practice	Source Documents
<p><b><i>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</i></b></p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>	<p>Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</p>	<p>The Council has approved Codes of Conduct which are included within induction packs. All officers are part of the Council's performance management framework and expected to perform in line with designated competencies appropriate to their role and job description. The authority's leadership style is underpinned by the Constitution, Policies, Protocols and Codes of Conduct. The values of the organisation are documented within the Corporate Plan. The Council has introduced and encourages public speaking at Committees and has invested in upgrading its website and Intranet, actively managing its content to ensure easy access to information. The Corporate Delivery Unit (CDU) will also help to further embed these principles.</p>	<p>Constitution, Articles in Members Bulletin, Head of Paid Service update emails, CLT Intranet articles, Corporate briefings held during the year to update staff about key issues and items, Appraisal and Development Scheme/'Check Ins', Member/Officer Codes of Conduct, Member/Officer Protocol, Whistleblowing policy, Counter Fraud, Corruption and Bribery Strategy, Freedom of Information (statement and publication scheme), Planning Protocol, Standards Committee, Officer Register of Gifts and Hospitality, Member / Officer Registers of Interests, Annual Governance Statement, Local Code of Corporate Governance, Corporate Delivery Unit (CDU).</p>

	Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	The Corporate Plan sets out our clear vision for the District, and our ambition. This is further supported by our Delivery Plan which is monitored through the Council's Performance Management Framework/CDU and InPhase.	Corporate Plan, Delivery Plan, Performance Management Framework/CDU, Standards Committee Annual Report, Model Councillor Code of Conduct Member/Officer Codes of Conduct, Member/Officer Protocol, Whistleblowing policy, Counter Fraud, Corruption and Bribery Strategy, Member / Officer Register of Gifts and Hospitality, Performance Management Framework, Complaints and Compliments
	Leading by example and using these standard operating principles or values as a framework for decision making and other actions	The values of the organisation are well documented and shared on the Council's log in screen to remind staff every day of the values and behaviours we expect from staff. Our decision-making processes are embedded into the Council's Constitution, which is periodically reviewed and endorsed by Councillors. Members are required to make any 'Declarations of Interest' where appropriate.	Corporate Plan, Constitution, Member/Officer Codes of Conduct, Whistleblowing policy, Counter Fraud, Corruption and Bribery Strategy, Planning Protocol, Member/Officer Register of Gifts and Hospitality, Member/Officer Registers of Interests, Financial Regulations, Contract Procedure Rules, Diversity and Equality Policy, Member / Officer Induction and Training Governance, Risk & Audit Committee (GRAC) terms of reference.

	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.	The Council has a number of documents which reinforce its commitment to best practice, including Whistleblowing policies, Counter-fraud and Corruption policies, Registers of Interests and Gifts and Hospitality and Complaints policies. These are all subject to periodic review. New staff are required to review the Council's key policies as part of the induction process and to sign to confirm this has been completed.	Member/Officer Codes of Conduct, Whistleblowing policy, Counter Fraud, Corruption and Bribery Strategy, Planning Protocol, Member / Officer Register of Gifts and Hospitality, Member / Officer Registers of Interests, Financial Regulations, Contract Procedure Rules, Combined Equalities Scheme, Member / Officer Induction and Training, Governance, Risk & Audit Committee (GRAC) terms of reference, Constitution.
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	Seeking to establish, monitor and maintain the organisation's ethical standards and performance	<p>The Nolan principles are embedded into Codes of Conduct. The Monitoring Officer produces an Annual Report on the activity of the Standards Committee and its activity to maintain the organisation's standards. The Council has achieved Investors in People Silver status, demonstrating its commitment to monitoring our organisation's standards and performance. Shared values have been developed and are reflected throughout the building including the intranet.</p> <p>Leadership training has been undertaken between the Corporate Leadership Team and the Management Team to reinforce these values. Internal Audit provides assurance that policies built on ethical standards are being complied with. On-going monitoring of the application and effectiveness of the local standard regime is undertaken.</p>	Staff and Member Briefings, Corporate Plan, Internal & External Audit Reports, Monitoring Officer's Annual Report.
	Underpinning personal behaviours with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	New members and staff are provided inductions, which emphasises areas such as codes of conduct and appropriate behaviours. Ongoing training is then provided, for example through member training sessions	Internal Audit Reports, Competency framework, Appraisal system/'Check In' process, Constitution, Staff & Member training and development.



	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	In addition to policies identified above, the Constitution includes specific rules and procedures with respect to procurement; financial governance, and members sitting in a regulatory capacity. These are reviewed and updated on a regular basis.	Constitution, Member/Officer Codes of Conduct, Whistleblowing Policy, Counter Fraud, Corruption and Bribery Strategy, Procurement Strategy.
	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	As part of Council procurement exercises, service providers are required to provide statements confirming compliance with ethical standards and, for example, anti-money laundering statements. The Partnership Framework and Principles Guidance also further support this.	Council's Website, Constitution, Anti-money Laundering Policy, Procurement Strategy, Individual Partnership / Service Level Agreements, Partnership Framework and Principles Guidance.
	Ensuring members and staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations	The Constitution is regularly updated to include new specific laws and regulations. Staff are required to hold relevant professional qualifications and comply with the law and codes of conduct. The Council has an appointed Monitoring Officer responsible for the maintenance of the Constitution and for guiding members on the information contained therein. The Council has appropriate legal advice both on the specific requirements of legislation and the general responsibilities placed on local authorities by public law. Induction training for new staff includes review of the Council's policies, which include provisions from legislation.	Constitution, Report Template requiring input from Monitoring Officer and S151 Officer (information quality for decision taking) / positive sign off, Legal advice to Licensing and Planning Committees, Statutory Provisions, Whistleblowing policy, Counter Fraud, Corruption and Bribery Strategy, Data Protection Policy, GDPR guidance and training, IT Policy.

	Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	Staff are provided with key legal changes where relevant in addition to the Council holding a number of subscriptions to services to ensure staff are provided with appropriate professional support. Members making regulatory decisions are provided with training to ensure they are sufficiently aware of the legal requirements of their role. Areas for focus are highlighted as part of the appraisal process/'Check Ins' and provided as part of the corporate training plan.	Constitution, Monitoring Officer Provisions / Protocol, Report Template requiring input from Monitoring Officer and S151 Officer (information quality for decision taking) / positive sign off, Availability of legal advice to Licensing and Planning Committees, Appraisal framework/'Check In' process, Job descriptions, Committee Terms of Reference.
	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	There are clear, defined decision making processes within the Council to ensure that all appropriate options are considered prior to any decisions being made.	Monitoring Officer Provisions / Protocol, Report Template, Standing Orders, Complaints and Compliments Procedures, Investigations, Records of Delegated Authority decisions, Planning protocol, Project Management process.
	Dealing with breaches of legal and regulatory provisions effectively	The Monitoring Officer and Section 151 Officer are informed of all key decisions to be made and any such occurrences are reported as required.	Monitoring Officer Provisions / Protocol, Records of Delegated Authority decisions, Constitution, Standing Orders.
	Ensuring corruption and misuse of power are dealt with effectively	The Council has a well-established Counter Fraud, Corruption and Bribery Strategy, access to which is available on the Intranet.	Counter Fraud, Corruption and Bribery Strategy, Whistleblowing Policy, Constitution.

<p><b>Ensuring openness and comprehensive stakeholder engagement</b></p> <p>Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.</p>	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	The Council has a clear vision, demonstrated through its Corporate Plan. The website has undergone a number of improvements and provides a large amount of information to the public, including a section dedicated to the requirements of the Transparency Code. The Council has an FOI policy in place and publishes an online, interactive progress report on delivering the Corporate Plan.	Constitution, Stakeholder Identification, Performance Management Framework/CDU, Communications Delivery Plan 2021 Satisfaction Surveys, Councillor Call to Action, Council Tax online information, Norfolk Crime and Disorder Partnership, Council's Website including consultations page and Corporate Plan public portal.
	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	All Committee reports are prepared using pre-agreed templates. If a Cabinet meeting has to consider anything under Part 2 business the press/public will be excluded for that item but the reasons for this need to be justified and is often on the basis of commercial sensitivity.	Meeting minutes, Communications Delivery Plan 2021, Statutory Provisions, Council's Website, Forums and Partnerships, Direct communication with Parish & Town Councils
	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	The Committee schedule is prepared in advance of the year and is then subject to negotiation with key officers to ensure timely decisions can be made. All Committee reports are subject to pre-approval procedures, including pre-meetings with key members and consultation with portfolio holders to ensure relevant matters have been taken into account. Reports are based on agreed templates and must record key considerations and decisions.	Committee timetable, Council's Website, Constitution, Report template, Meeting minutes, Input from Monitoring Officer/S151 Officer.

	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	The Council adapts its consultation procedures according to the relevant decision being made with the public on planning decisions. Decisions are considered on a case by case basis and in line with legal requirements	Planning protocols, Communications Delivery Plan 2021, Legal requirements, Consultation workshops, Direct communication with Parish & Town Councils, Local Development Framework.
	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	Engagement practices are adapted to the environment rather than operating to a pre-defined strategy. Where appropriate, particularly where major change occurs that is likely to have a significant impact on the public, communication plans are developed to tailor engagement and to plan for responding to particular circumstances.	Communications Delivery Plan 2021, Consultation workshops, Local Development Framework consultation, Council's website.
	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	This is an inherent part of the Council's operation. Partnerships are developed to support service delivery and link to activities within the Corporate Plan and Team Plans. Partnerships are subject to periodic review to ensure they remain effective and deliver Council outcomes.	Partnership Framework and Principles Guidance.
	Ensuring that partnerships are based on: <ul style="list-style-type: none"> <li>• trust</li> <li>• a shared commitment to change</li> <li>• a culture that promotes and accepts challenge among partners</li> </ul> and that the added value of partnership working is explicit	Partnerships are based on the Partnership Framework and Principles Guidance and include a Service Level Agreement (SLA) where appropriate. Each Partnership will normally have a defined agreement (SLA etc), which will detail the nature of the working relationship and how it operates, including any governance arrangements. Managers are accountable for ensuring the successful operation and monitoring of partnerships.	Partnership Framework and Principles Guidance, Team Plans Self-Assessment Assurance Statements.

	Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.	The Council has a clear Communications Delivery Plan 2021 that details how we will engage, consult and listen to our community and stakeholders.	Communications Delivery Plan 2021, Website - consultations page.
	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	Communications come through various forms. Communication Plans are developed for more significant changes that will have an impact on the public. Members receive a monthly bulletin informing them of key events ongoing in the Council of which they need to be aware. Key messages to staff are delivered through quarterly All Staff Briefings, fortnightly CLT updates and other information placed on the intranet.	Communications Delivery Plan 2021, Members Bulletin, Staff Bulletin, Website, Head of Paid Service briefings Intranet.
	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	As above, engagement comes through a variety of forms and is covered by the Council's Communications Delivery Plan 2021. Specific decisions will be subject to consultation – for example, the Local Plan Process has various forms of communication and engagement to ensure the public and wider stakeholders are fully consulted.	Communications Delivery Plan 2021, Planning Local Plan Review process/protocols, Consultation workshops (North Walsham HAZ, Website consultations page.

	Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account	The Council welcomes customers to raise concern or compliments with any aspect of service provision. All complaints and compliments are recorded on a corporate database. A summary of complaints and compliments is reported on through InPhase via a quarterly statement with decisions fed back to stakeholders. The outcome from consultation activities are published on the Council website.	Communications Delivery Plan 2021, Customer Complaints, Compliments & Contacts Policy, Customer Service Strategy, Website consultations pages.
	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	This seeks to primarily address how the council can deal with competing demands in a community. The primary competing demand for the Council is the decreasing level of Council resources versus demands from customers for a high level of service.	Communications Delivery Plan 2021, Diversity & Equality Policy, Equality Impact Assessments (EQIA's).
	Taking account of the interests of future generations of tax payers and service users	This is considered on a case by case basis and balancing the various needs within the Council.	Committee reports, Budget setting process, Equality Impact Assessments (EQIA's).

<p><b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p> <p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p>Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions</p>	<p>The Council's Corporate Plan clearly identifies the organisation's vision and purpose. This is supplemented by the Delivery Plan which identifies specific objectives and is reported upon regularly throughout the year. The Team Planning process is directly linked to these plans, and set out specific activities to achieve outcomes in the Plan. Each activity is linked to defined corporate plan objectives which then cascades into individual performance and Team Plan objectives and delivery is monitored and supported by the Corporate Delivery Unit (CDU). In February 2022 Full Council approved the Net Zero Strategy &amp; Action Plan which details the Council's commitment to achieving net-zero by 2030.</p>	<p>Corporate Plan, Delivery Plan, Team Plans, Performance and Risk system, Appraisal framework/'Check Ins', CDU, Net Zero Strategy &amp; Action Plan.</p>
	<p>Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</p>	<p>The Corporate Plan 2019-23, Delivery Plan and Team Plans identify specified performance measures to evaluate how the organisation will deliver its priorities and benefit its local environment and this is reported on regularly throughout the year.</p>	<p>Corporate Plan, Delivery Plan, Team Plans, Performance and Risk system including Performance Pubic Portal on the Council website.</p>
	<p>Delivering defined outcomes on a sustainable basis within the resources that will be available</p>	<p>The Team Plans feed into the budget setting process which identifies the level of cost and resources required to deliver the activity. There are frequent updates to committees in terms of budget monitoring and also performance against the targets and objectives contained within the Delivery Plan to demonstrate how the Council is delivering against its objectives.</p>	<p>Corporate Plan, Delivery Plan, Team Plans, Performance and Risk system, Budget monitoring protocols and reports, Committee reports, Medium Term Financial Strategy.</p>

	Identifying and managing risks to the achievement of outcomes	The Council has an agreed Risk Management Framework, and has embedded reporting of risk (to the Governance, Risk and Audit Committee and the Corporate Leadership Team (CLT)) alongside its performance and financial reporting to ensure these are reviewed on an ongoing basis. Individual Team Plans and key decisions are subject to risk assessment at the time to ensure that issues have been raised and mitigation plans developed.	Risk Management Framework, CLT reports and minutes, Committee reports, Performance and Risk system, Risk registers for major projects such as the re-provision of the Splash/Reef leisure complex
	Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available	The Delivery Plan and Team Plans define established performance measures to monitor how services are provided and the outcomes achieved. Team Planning helps to determine how resources should be allocated to defined activities, as well as the core 'business as usual' service delivery. The Communications Delivery Plan 2021 and plans help to set expectations to service users on their potential user experience.	Corporate Plan, Delivery Plan, Team Plans, Performance and Risk system, Communications Delivery Plan 2021, Budget process, Medium Term Financial Strategy.



	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	The Council takes into account a wide range of factors when considering the impact of policies and plans when making decisions about service delivery. For example, the capital bidding process requires managers to complete a capital budget template which details not only the cost of their proposals but also any wider benefits in terms of service delivery, environmental enhancements etc. This is supported by the Capital Strategy and the budget framework and monitoring processes.	Medium Term Financial Strategy, Capital bidding process, Budget framework, Capital Strategy, Diversity and Equality Policy, Net Zero Strategy & Action Plan.
	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	All decision making should be linked to the Council's longer term Corporate Plan and Medium Term Financial Strategy. The Team Planning process helps to support this in that all activities should be identified in the Team Plan and any additional activities would have to be subject to appropriate consideration, taking into account the ability to deliver already identified priorities. This can be evidenced through decisions taken at Cabinet.	Corporate Plan, Medium Term Financial Strategy, Budget setting process, Annual Outturn report, Team Plans, Committee reports.
	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	Decisions made have to necessarily balance the public interest and achievement of outcomes, as can be evidenced through various committee reports.	Corporate Plan, Communications Delivery Plan 2021, Committee reports and minutes, Annual Governance Statement, Net Zero Strategy & Action Plan.

	Ensuring fair access to services	The Council evaluates equality impacts as appropriate within its decision making, ensuring due regard is given to enabling groups to access services. Our Customer Strategy seeks to support this through identifying how customers access services and ensuring that the Council's service provision responds to this.	Diversity and Equality Policy, Equality Impact Assessments (EQIA's), Statutory guidance, Customer Strategy.
<p><b><i>Determining the interventions necessary to optimise the achievement of the intended outcomes</i></b></p> <p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.</p>	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided	This can be evidenced through papers presented to Cabinet and to the Council's Overview & Scrutiny Committee which helps to ensure this is put into practice by engaging with members at the earliest possible stage in the development of plans and strategies, enabling their input into the potential options and ensuring these have been considered before key decisions are made.	Committee reports and minutes, report template.
	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	This is covered within the Council's Communications Delivery Plan 2021 and can be further evidenced through the consultation processes involved with the update of the Local Plan. The Council's Medium Term Financial Strategy also enables the Council to prioritise competing demands with limited resources.	Communications Delivery Plan 2021, Medium Term Financial Strategy, Local Plan protocols, Council website consultations page, Delivery Plan.

	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	The annual committee programme is developed in advance of the calendar year. Pre-Committee meetings discuss forthcoming reports with key officers and members to ensure these are programmed, with each Committee having its own specified work programme. There are clear programmes in place for the business planning and financial planning cycle, which are complementary to each other.	Committee timetables and work plans, Committee reports, Budget setting framework, Corporate Plan process, Team Planning process.
	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	This is a necessary part of our planning, and can be evidenced through the ongoing work on the development of the new Local Plan.	Communications Delivery Plan 2021, Council website consultations page, Local Plan protocols.
	Considering and monitoring risks facing each partner when working collaboratively including shared risks	This is a necessary part of planning for partnership working. Each partnership has associated protocols or agreements (SLA's) to outline how it will operate, which would be subject to agreement with each partner to ensure their risks and challenges have been taken into account.	Partnership Framework and Principles Guidance, Risk Management Framework.

	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	Change procedures, poor performance and termination is embedded into agreements and contracts to ensure that the Council is not locked into arrangements which are not effective. Performance targets for individuals and partnerships are reviewed regularly and incorporated within Team Plans.	Partnership Framework and Principles Guidance, Performance and Risk system, contract key performance indicators (KPIs).
	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	This is firmly embedded into the Delivery Plan and Team Planning process. Each year, and then as part of quarterly reporting, key performance indicators are subject to review to ensure to introduce new / amendments to the indicators, and ensure they remain SMART.	Delivery Plan, Team Plans, Annual Report, Quarterly performance reports.
	Ensuring capacity exists to generate the information required to review service quality regularly	The Council has a Policy & Performance Management Officer who works with officers and Members to monitor and track performance cascading down from the Corporate Plan, Delivery Plan and into the Team Plans. There are quarterly performance reports to Committee to monitor performance, highlighting any corrective action that might be required where appropriate.	Corporate Plan, Delivery Plan, Team Plans, Quarterly and monthly reports. Performance and risk system, Continuous reporting to the public on the Council website.
	Preparing budgets in accordance with organisational objectives, strategies and the Medium Term Financial Strategy	The Budget and Team Planning process is fully integrated, with priorities cascading down from the Corporate Plan and Delivery Plan into Team Plans. Managers develop their budgets and resource requirements with the finance team to ensure these objectives are deliverable.	Corporate Plan, Delivery Plan, Team Plans, Budget setting process including pilot Zero Based Budgeting process for 2022/23, Committee reports, Medium Term Financial Strategy.

	Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	The Team Planning and budget cycles are fully integrated and informed by the production of the Medium Term Financial Strategy, which sets out how the Council will address the future funding challenges.	Corporate Plan, Delivery Plan, Team Plans, Budget setting process - ZBB, Committee reports, Medium Term Financial Strategy.
	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	The Medium Term Financial Strategy is updated ahead of the Team Planning and budget setting process to ensure it remains deliverable. Budgets and Team Plans are then based on this work to take account of any potential issues as required.	Team Plans, Budget setting process - ZBB, Committee reports, Medium Term Financial Strategy.
	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	As above, the budget and Team Planning process comprehensively links service demands and activities to the projected cost of service delivery.	Team Plans, Budget setting process - ZBB, Committee reports, Medium Term Financial Strategy.
	Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	This is covered within the Council's Medium Term Financial Strategy which considers issues ongoing service delivery costs and issues in the context of the ever changing external environment to ensure resources are optimised and that efficiency plans are developed where appropriate.	Team Plans, Budget setting process - ZBB, Committee reports, Medium Term Financial Strategy.
	Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes"	The Council has committed, through its Procurement Strategy, to supporting social value. The completed procurement for the waste contract helps to demonstrate this with some of the scoring being allocated to Social Value.	Procurement Strategy, Leisure tender documents, Community Asset Transfer Policy, Diversity and Equality Policy.

<p><b><i>Developing the entity's capacity, including the capability of its leadership and the individuals within it</i></b></p> <p>Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfill its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	<p>Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness</p>	<p>All changes in staffing are subject to robust procedures to ensure that resources are right for the relevant service.</p> <p>The Council has a defined Asset Management Plan supported by a number of other policy and supporting documents including; the Commercial Property Investment Strategy, The Acquisition Policy, The Disposal Policy, Assets of Community Value procedure and guidance, Asset Proposal process and use of Council property assets for events. This suite of documents was reviewed, updated and agreed by Committee in March 2018. All of these policies and guidance documents combine to help ensure that property assets are effectively utilised while supporting the Council's developing financial sustainability and growth agenda which is a key theme within the Council's corporate plan.</p>	<p>Asset Management Plan, Disposal, Investment and Acquisitions Policy, Commercial Property Investment Strategy, The Acquisition Policy, The Disposal Policy, Assets of Community Value procedure and guidance, Asset Proposal process, Use of Council property assets for events, Corporate Plan, Capability Review.</p>
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	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently	The Council participates in peer reviews to support further improvements. Benchmarking using LG Inform data takes place on a regular basis.	Peer reviews, Business Planning Reviews.
	Recognising the benefits of partnerships and collaborative working where added value can be achieved	Partnership agreements are subject to a robust review to ensure they deliver against Council priorities. Services are required to identify within business planning processes the financial resources required to deliver through partnership means as opposed to internal service delivery.	Partnership Framework and Principles Guidance, Team Plans, Budget protocols.
	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	The Council currently holds IIP Silver. There are numerous Organisational Development plans, strategies and policies in place to help support the Council's staff such as the Agile Working Policy, which supports staff to work more flexibly and New Ways of Working to reflect changes in Workforce practices brought about in response to the COVID19 pandemic and updated to reflect organisational culture. The Appraisal and Development scheme/'Check In' process is fully integrated into the Council's planning processes.	Appraisal and Development scheme/'Check Ins', IIP Silver award, Agile Working Policy, Employee Code of Conduct.

Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained

The Corporate Plan 2019 – 2023 has been agreed and adopted and the Delivery Plan is being implemented. The Chief Executive has regular meetings with the Leader and also the Leaders of the two other Groups and continue to hold Business Planning meetings to discuss forthcoming issues and reports. These meetings help to clarify objectives and outcomes at an early stage and are supported by the various Cabinet and Portfolio Members. They are strongly empowered to support Portfolio Holders and Assistant Directors in developing their roles and relationships.

Job descriptions, Member and Officer protocols, Working Arrangements Protocol, Member training, LGA support, Corporate Plan, Delivery Plan.



	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	The Council has a Scheme of Delegation which is periodically reviewed to ensure it remains current. Standing Orders and Financial Regulations are also periodically reviewed. This process is undertaken by the Constitution Working Party.	Constitution, Constitution Working Party.
	Ensuring the Leader and the Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	As outlined above, the relationship between the Chief Executive and Leader are clear as regards their respective roles and responsibilities are clearly defined.	Job descriptions, Member and Officer Protocols, Working Arrangements Protocol.

	<p>Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <p>ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</p> <p>ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</p> <p>ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</p>	<p>The Council has been well recognised for developing the leadership of staff at all levels in the organisation. The Council currently holds IIP Silver. A robust performance programme is in place to encourage open and honest communication with staff, enable effective performance management discussions and identify future development needs. This is fully supported by the Appraisal Framework/‘Check In’ process which is fully embedded within the Council’s processes. Training requirements flowing from the appraisal/‘Check In’ process feed into the corporate training needs assessment undertaken by the Organisational Development team. Members are provided induction training on commencing their roles at the Council, and encouraged to identify training needs. Ongoing training is held on a knowledge and competency basis, enabling members to develop their skills at all levels. An annual member training programme is produced to support their development.</p>	<p>Appraisal framework/‘Check Ins’, Corporate Training programme, Service specific training requirements, Skillgate, Training update courses/briefings, IIP Silver, Staff/Member induction protocols. Briefings for Members</p>
	<p>Ensuring that there are structures in place to encourage public participation</p>	<p>The Council welcomes members of the public to engage in decision making, with meetings being held in public where possible and consultations undertaken on relevant decisions.</p>	<p>Committee minutes, Website consultations pages, E democracy channels.</p>

	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	The Council periodically has peer reviews and takes part in benchmarking and other relevant processes to evaluate leadership effectiveness. Feedback is welcomed and considered to ensure that it can be implemented.	Peer review, 360 Degree Appraisal, Appraisal framework/'Check Ins', Capability Review.
	Holding staff to account through regular performance reviews which take account of training or development needs	The Council has a clearly defined performance management framework and appraisal system which is now further supported by the new 'Check In' process which involves regular quarterly catch ups as part of an ongoing performance discussion. Objectives and personal development plans are established for staff at all levels.	Appraisal framework/'Check Ins'.
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	The Council places strong emphasis on employee health and wellbeing. The Council's Staff Focus Group and the Health and Wellbeing Group help senior leadership implement health and wellbeing initiatives; such as active workplace events which staff are encouraged to take part in at all levels. There is a section dedicated to Health and Wellbeing on the Council's Intranet which staff and Members can access.	Health and Wellbeing Group agendas and minutes, Staff Focus Group, Various Organisational Development policies and strategies, Intranet.

***Managing risks and performance through robust internal control and strong public financial management*** Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making

The Council has an agreed Risk Management Framework and risk is managed by CLT along with the Governance, Risk and Audit Committee (GRAC). The Committee report templates which must be used for all Committee reports include a specific section on risk and staff and managers are encouraged to raise risks, and how these should be managed / mitigated as part of key decision making processes. At an operational level, staff are encouraged to take personal accountability for risks. Risk reviews are held in each service twice a year with significant risks assessed for inclusion in the Corporate Risk Register. The Council has a Business Continuity Framework with Business Continuity Plans in place for key service areas which are subject to annual review. Specific risk training has been undertaken with Members including establishing the Council's risk appetite. The Corporate Delivery Unit (CDU) will also strengthen this area.

GRAC reports/minutes, Committee report template, Health and Safety Policy, Risk assessments, Business Continuity Framework, Business Continuity Plans, CLT reports/ minutes Performance and Risk system, Corporate Delivery Unit (CDU).

<p>A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.</p>	<p>Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</p>	<p>The Risk Management Framework has been agreed through the relevant decision making processes and is subject to regular review and updating. On a quarterly basis, key risks are formally evaluated and monitored by the Governance, Risk and Audit Committee (GRAC), however services are expected to maintain a watching brief on all operational level risks on a daily basis. In addition, Risk reviews are held in each service twice a year with significant risks assessed for inclusion in the Corporate Risk Register. Health and Safety risks are also monitored as part of this process.</p>	<p>GRAC reports/minutes, Health and Safety Policy, Risk assessments, Business Continuity Framework, Business Continuity Plans, CLT reports/ minutes Corporate Risk Register, Performance and Risk system, Service risk template, Risk registers for major projects (The Reef / North Walsham HAZ).</p>
<p>It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>	<p>Ensuring that responsibilities for managing individual risks are clearly allocated</p>	<p>Each risk within the Corporate Risk Register has been formally allocated to individual responsible owners. Service risks are owned by the relevant service manager.</p>	<p>Corporate Risk Register, Performance and Risk system, Risk registers for major projects (The Reef / North Walsham HAZ).</p>

	<p>Monitoring service delivery effectively including planning, specification, execution and independent post implementation review</p>	<p>The Delivery Plan and Team Planning process identifies performance measures for services. Services are subject to periodic review to ensure delivery remains efficient and effective. CLT and the recently formed Cabinet Working Party, considers and monitors key corporate projects in terms of key project aims, targets/benefits, milestones, progress, risks, financial position etc. At the end of projects there is a formal review process to consider 'lessons learnt' that can be fed back into future projects.</p>	<p>Delivery Plan, Quarterly performance reports to Cabinet Working Party and Overview &amp; Scrutiny, Team Plans, Performance Framework, Project Management Framework, Project Initiation Documents (PIDs), Project review documents, Performance and Risk System including reporting Corporate Plan delivery progress through the public portal on the Council website.</p>
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	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	Quarterly reporting of risks at a strategic level highlights core risk factors that may influence the council's ability to deliver objectives over the longer term. Significant decisions are subject to robust challenge and clear processes to ensure that all relevant factors have been considered.	CLT, GRAC reports/minutes, Committee report template, Budget planning process, Performance and Risk system.
	Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible	The Council's Overview and Scrutiny Committee operates to scrutinize, challenge and debate policies and objectives. The Committee also has its own work programme and will often review previous initiatives to ensure that decisions have been implemented as intended and clear benefits have resulted.	Overview and Scrutiny Committee reports and minutes, Overview and Scrutiny Committee terms of reference, Member training.
	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	Quarterly reports are presented to Cabinet containing updates on finance, performance and risks for the Council's agreed plans.	Cabinet reports and minutes, Committee timetable.
	Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements )	The quarterly budget reports evaluate budgetary positions, seeking approval to significant variances and highlighting major changes to agreed programmes. The final quarter reports then seek to align to financial reporting with the outturn position.	Budget reports, Outturn report, Financial Statements, Financial Standing Orders.

	Aligning the risk management strategy and policies on internal control with achieving the objectives	The Risk Management Framework seeks to establish how organisational risk is managed. Risks form the basis of internal control evaluation through the annual audit programme, and will be subject to ongoing evaluation through each programmed internal audit.	Risk Management Framework, Internal Audit Plan, Audit reports, External review of effectiveness, Annual Governance Statement, Internal Audit Annual Report and Opinion, Local Code of Corporate Governance.
	Evaluating and monitoring the authority's risk management and internal control on a regular basis	Corporate Risks are subject to quarterly reviews, and the Risk Management framework is periodically reviewed to ensure it remains current. The internal audit programme is subject to an annual review and formal review, with planning over the longer term, balancing the Council's priorities and risks. The GRAC undertake regular self- assessments of their performance, regular updates on progress towards the audit plan and implementation of recommendations are provided to the Committee on a quarterly basis along with an Annual Report and Opinion. The internal audit contract is also subject to an external quality control review.	GRAC self-assessment, Risk Management Framework, Internal Audit Plan, Audit reports, External review of effectiveness, Head of Internal Audit Statement of Compliance, Annual Governance Statement, Internal Audit Annual Report and Opinion, Local Code of Corporate Governance.
	Ensuring effective counter fraud and anti-corruption arrangements are in place	The Council takes part in national initiatives to reduce the potential for fraud and to identify fraud that may have occurred.	Counter Fraud, Corruption and Bribery Strategy, National Fraud Initiatives.



	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	The Council is part of the Norfolk Internal Audit Consortium. The Consortium is currently subject to External Review to ensure it is delivering in accordance with best practice. Internal Audit plans are developed and the Internal Audit Service is resourced according to these plans.	External review of effectiveness, Annual Governance Statement, Internal Audit Annual Report and Opinion, Head of Internal Audit Statement of Compliance, Local Code of Corporate Governance.
	Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon	The Council has elected to develop the Governance, Risk and Audit Committee (GRAC) to have oversight of internal control while taking responsibility for good governance practice. The Committee has strong oversight and is empowered to hold the organisation to account.	GRAC terms of reference, GRAC reports and minutes, Member training, GRAC self-assessment.
	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	The Council has a Data Protection Policy and a Data Quality Policy and is also Public Sector Network Code of Connection Compliant (PSN), to ensure the most sensitive data it holds is held securely. This is further supported by the Council's IT Security Policy. The Council has a Senior Information Risk Officer (SIRO) with the Director for Resources being assigned to this role. A SIRO role description identifies key responsibilities, further supported by the Information Risk Policy and the new General Data Protection Regulations (GDPR) requirements.	Data Protection Policy, Data Quality Policy, IT Security Policy, PSN compliance, SIRO role description, Information Risk Policy, Internal audit.

	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	Information sharing is subject to defined information sharing protocols.	Data Protection Policy, Data Quality Policy, IT Security Policy, PSN compliance.
	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	The Council does not have formal data validation programmes, however data validity and quality is evaluated through internal audit assessment and during the BPR service review work.	BPR protocols, Data Quality Policy, Audit reports.
	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance	This is embedded into the Medium Term Financial Strategy, which has been developed alongside the Team Plans and budget planning processes. Financial reporting is strongly linked to performance and risk reporting to ensure it correlates to service delivery.	Medium Term Financial Strategy, Team Plans, Budget monitoring reports and protocol.
	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	Management accounts are produced on a monthly basis for service analysis, and to ensure budgets remain on track to those established within business planning. Significant variances are reported to key decision making.	Budget monitoring reports and protocol.
<b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b> Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.	<p>Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</p> <p>Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</p>	Report templates have been designed to help highlight key information quickly and easily. Reports undertake review processes to ensure they remain succinct and effective in imparting their messages. All reports are available for the public to review from the Council directly or on the Council's website with contact details for key officers prominently placed. The Council's Public Portal also provides a high level review of the Council's achievements during the year in an easy to understand high level format.	Council website, Corporate Plan public portal accessible from the Council's website, Quarterly performance reports, Performance and Risk system, Committee template, Committee reports.

	Reporting at least annually on performance, value for money and the stewardship of its resources	The Council's statement of accounts includes a "narrative" report which outlines how the Council has delivered against its objectives and financial targets during the year. The report makes extensive use of charts to aid users to quickly understanding the information. As part of the audit process the external auditor (Ernst & Young) is also required to give a view on value for money. The Annual Governance Statement provides a key oversight of the Council's governance arrangements and how these can be developed.	Statement of accounts, Annual Governance Statement, Quarterly Performance Reports, Continuous performance reporting to the public through the Council's website.
	Ensuring members and senior management own the results	On a quarterly basis, Cabinet receives performance and finance reports outlining how the Council has performed against corporate objectives. Significant areas of concern are highlighted with recommendations for corrective action where appropriate. All actions and targets in the Delivery Plan and Team Plans have an identified lead officer.	Performance reports/framework, Quarterly performance Report, Budget monitoring reports, Minutes highlighting appropriate approvals, Outturn report, Performance and Risk system.
	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	The CIPFA Code of Corporate Governance principles have been benchmarked, and this will be subject to evaluation by both CLT and also the Governance, Risk and Audit Committee. Necessary actions will then be reviewed and incorporated into the Annual Governance Framework as required.	Annual Governance Statement, Local Code of Corporate Governance, GRAC minutes, CLT reports/ minutes.

	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	The Council is not presently involved with any shared service arrangements. The Council is however part of Coastal Partnership East and this framework has been applied to the partnership.	Annual Governance Statement, Local Code of Corporate Governance, Coastal Partnership East Terms of Reference.
	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	The Council's financial statements are prepared in accordance with best practice to help support comparison with similar organisations. The Council has accelerated timeframes for evaluated finance and performance outcomes, with the Outturn Report now being produced within 6 weeks of the year end to ensure decisions can be made on a timely basis with insight to the performance and so that this information can then support the production of the Statement of Accounts.	Statement of accounts, Outturn Report.
	Ensuring that recommendations for corrective action made by external audit are acted upon  Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	Recommendations made by external and internal auditors are reported to the GRAC as part of the Statement of Accounts approval process. The Internal Audit Consortium Manager has access to report directly to the GRAC with outcomes from their work and any key concerns they may have.	Statement of accounts, External audit opinion, GRAC reports/minutes, Internal Audit Opinion.
	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	Peer challenge is undertaken periodically to evaluate how the Council is performing. Regulators will undertake periodic inspections and the outcomes of their reports escalated as appropriate.	Peer Review, Regulatory Review. Capability Review.

	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	The Annual Governance Statement includes a section on the “Review of Effectiveness” which includes consideration of governance arrangements for service delivery through third parties.	Annual Governance Statement, NNDC Self-assessment Assurance Statement.
	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	Partnerships are subject to relevant agreements to ensure the nature of the partnership and reporting frameworks / objectives are clear.	Communications Delivery Plan 2021, Partnership Framework and Principles Guidance, Terms of Reference, Service Level Agreements (SLAs).

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## Annual Governance Statement 2021/22 (Appendix B)

### 1. SCOPE OF RESPONSIBILITY

- 1.1. North Norfolk District Council (NNDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently, effectively and equitably. NNDC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2. In discharging this requirement, NNDC is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3. NNDC has approved and adopted a Local Code of Corporate Governance, and this has been updated for the 2021/22 financial year based on the '*Delivering Good Governance in Local Government: Framework*' (CIPFA/Solace, 2016) ('the Framework') which was introduced in 2016/17. A copy of the Council's current Local Code can be accessed on our website. This statement demonstrates how NNDC has complied with the Framework and supports the requirement of the Accounts and Audit (England) Regulations 2015 in relation to the approval (Part 2 regulation 6) and publication (Part 3 regulation 10) of an Annual Governance Statement (AGS). The statement is prepared in accordance with proper practices in relation to internal control and is reviewed annually or more frequently as required. In addition, NNDC's framework for delivering good corporate governance is embedded within its Constitution, policies and procedures.

### 2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1. The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to appropriate, cost-effective service delivery.
- 2.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and impact should those risks be realised and to manage those risks efficiently, effectively and economically.
- 2.3. The governance framework has been in place at NNDC for the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

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### 3. THE GOVERNANCE FRAMEWORK – THE SEVEN CORE PRINCIPLES

3.1. The Council's governance framework is derived from the following core principles as per the CIPFA/SOLACE 2016 Framework which is based upon the 7 core principles of the International Framework for Corporate Governance in the Public Sector as follows;

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

B - Ensuring openness and comprehensive stakeholder engagement;

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

D – Determining the interventions necessary to optimise the achievement of the intended outcomes;

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

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

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

3.2. The Local Code of Corporate Governance highlights how good governance supports the Council and demonstrates what we aim to achieve by following the seven core principles, along with the tools we use to support our compliance. It goes further to identify the behaviours and actions that can demonstrate our compliance with the code, how we put this into practice and the source documents, policies, procedures and frameworks that enable us to evidence compliance.

3.3. ***Vision and Priorities*** - Our Vision is '**Making North Norfolk an even better place to live, work, do business and visit**'.

Our Mission statement facilitates this through '**Engaging with our communities to create a fair and welcoming inclusive North Norfolk where everyone can thrive and secure quality homes, good jobs whilst protecting and conserving our environment and delivering a sustainable future**'.

To help us deliver this vision we have produced our [Corporate Plan 2019 - 2023](#) that reflects the priorities and high-level outcomes for the North Norfolk area over a four-year period.



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3.4. **Quality of Services** - The Council has an established Performance Management Framework, which sets out how it monitors both performance and the delivery of objectives, with quarterly performance reviews being considered by Cabinet and the Overview and Scrutiny Committee. We publish information about our performance and carry out satisfaction surveys so that everyone can see the progress we are making. The Council's [Performance Management Framework](#) sets out how the Council will manage performance. This includes agreeing a [Delivery Plan](#) and assessing regular performance reports of the progress in delivering the plan.

3.5. **Constitution and Responsibilities** - A comprehensive document setting out the [Council's Constitution](#) exists which sets out the clearly defined structure for the Council's organisational and decision-making arrangements based upon a Cabinet/Executive model. In essence the different roles can be summarised as follows:

- Council decides upon certain policies and other specialist functions that cannot be delegated elsewhere including the setting of the council tax;
- Cabinet is allocated authority by Council to approve policies not reserved for consideration by Council, deliver policies and to take most significant executive decisions;
- Cabinet follows a [Work Programme](#) which is updated on a monthly basis and provides details of forthcoming decisions for up to three months ahead;
- All executive decisions are recorded in a [Decision List](#), with formal minutes being available for public inspection;
- The work of the Cabinet and the Council as a whole is supported by the Overview and Scrutiny Committee and its task and finish groups
- The Scrutiny Committee has developed its own work programme for the review of Council services in addition to scrutinising the work of the Cabinet. It can 'call-in' a decision which has been made by the Executive but not yet implemented;
- The Governance, Risk and Audit Committee is well established, and is responsible for the review of the work of the Internal and External Audit functions and provides independent assurance of the effectiveness of governance arrangements, risk management and financial management processes. It also has the responsibility for the approval of the Statements of Accounts.
- Separate committees exist for Planning, Standards and Licensing;
- Delegation arrangements to committees, the Executive and officers are set out in detail within the Constitution; and
- Regular meetings take place between relevant senior officers and Members of the Council to discuss and propose policy.

The Constitution also includes sections on Standing Orders, financial regulations and conduct of meetings. The Constitution as a whole is reviewed periodically with interim updates made as and when appropriate.

3.6. **Codes of Conduct** - The Council has various Codes of Conduct applying to both Members and officers as well as a protocol for councillor/officer relationships that can be found [here](#). These have enabled the authority to develop an inclusive culture over the years, whereby Members and

## Annual Governance Statement 2021/22 (Appendix B)

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officers work together to deliver the Council's vision and quality services to its residents. The Codes include reference to the need to declare any interests that may conflict with the individual's role at the Council and such registers for Councillors and officers are maintained by the Council.

- 3.7. **Complaints** - The Council has in place a [Whistle-blowing Policy](#) (which was revised during the year) as well as a [compliments and complaints procedure](#), that ensures that any referrals are fully investigated, properly resolved and learning applied to service delivery. Systems and procedures have been enhanced to ensure that complaints/service requests are the cornerstone of the Council's management approach.
- 3.8. **Policies, Procedures, Laws and Regulations** - The Council's statutory officers are the Chief Executive (Head of Paid Service), the Monitoring Officer (Assistant Director Finance Assets Legal) and the Section 151 Officer (Director for Resources). They are responsible for ensuring the Council acts within the law and in accordance with established policies and procedures. The Section 151 Officer is specifically responsible for the proper discharge of financial arrangements and must advise the Council where any proposal might be unlawful or where expenditure is likely to exceed resources. There is also a requirement to ensure the authority's financial management arrangements conform to the governance requirements as set out in the Chartered Institute of Public Finance and Accountancy statement on the Role of the Chief Financial Officer (2010). Service Managers are responsible for ensuring legislation and policy relating to service delivery and health and safety are implemented in practice.
- 3.9. **Development and training needs** – North Norfolk is a learning organisation, both in terms of Members and officers. The training budget for staff is centralised under Human Resources, and continues to deliver a programme to develop the skills of its workforce. North Norfolk is committed to investing in the staff and maintains the Investors in People standard. This recognises the investment in staff development and ensures that staff are valued and given the opportunities to develop and achieve their full potential. Training and Development is at the core of the 'Check In' appraisal system and this work is informed and underpinned by the Council's revised appraisal system. North Norfolk continues to deliver a training and development programme to provide Members with the support and skills necessary to assist them in carrying out their duties.
- 3.10. **Risk Management** – The Council's [Risk Management Framework](#) shows how the Council manages risk in an active way in terms of service delivery. The Council uses the risk module within the performance system (InPhase), reporting the Corporate Risk Register to every GRAC meeting. The Register is also reviewed by the Corporate Leadership Team and Management Team ahead of each of these Committee updates and the InPhase system allows dynamic reporting where any manager updates are updated and reflected immediately within the live system. Lower level operational risks are also monitored through the InPhase system and the Council's project management framework, as managed by the CDU, also has reporting requirements in relation to risk and risk logs. Business Continuity Plans (BCPs) are regularly reviewed and updated to address key operational risks. All committee reports contain a mandatory risk section to ensure that Members can consider the risks and opportunities of any recommendations or options, so that the consideration of risk forms an integral part of all decision making. Training has been provided to Members on risk and risk appetite which is included as part of the Policy.

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- 3.11. **Communication** – The Council believes public understanding of its work, achievements and services, coupled with consultation with residents is key to maintaining high satisfaction levels. This is achieved through continuous communications and consultation activity and upholding the Council's values of transparency and openness. North Norfolk regularly publishes information on its website and via a variety of social media channels. The Communications Team also continuously works with the local media to provide information to ensure residents are kept informed. Funding has also been included within the 2022/23 budget to support the production of a twice yearly residents' newsletter, which will help improve communications with residents.
- 3.12. **Partnerships** – The Council is involved with a variety of partnerships that have developed over the years, supported by a Partnership Governance Framework and Partnership Register, which help to ensure that we maintain a consistent approach when entering into any new partnerships.
- 3.13. **Transparency** – As a Council we want to be publicly accountable and present our work with openness and transparency, we present a range of information on our '[Transparency Data](#)' pages on the website, ranging from contract and purchasing information to car park data.
- 3.14. If there are any areas outlined above which require strengthening, these are highlighted within the Annual Governance Statement as part of the Action Plan within Section 5.

### 4. REVIEW OF EFFECTIVENESS

- 4.1. NNDC annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, the work of the internal auditors and from comments made by the external auditors and other inspection agencies.
- 4.2. Reviews have taken place both during the year and at year end, and cover the following:
- 4.2.1. The Cabinet is responsible for considering overall financial and performance management and receives comprehensive reports on a quarterly basis. It is also responsible for key decisions and for initiating corrective action where appropriate while the Governance, Risk and Audit Committee (GRAC) consider corporate risk and internal control issues.
- 4.2.2. The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. In addition, the Constitution Working Party is in place to review the constitution and make recommendations to Full Council as appropriate.

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- 4.2.3. The Council has an Overview and Scrutiny Committee that can establish 'task and finish' groups, to look at particular issues in depth, taking evidence from internal and external sources, before making recommendations to the Cabinet. Scrutiny can "call-in" decisions of the Cabinet, which are yet to be implemented, to enable it to consider whether the decision is appropriate. In addition, the Overview and Scrutiny Committee can exercise its scrutiny role in respect of any Cabinet function, regardless of service area or functional responsibility, and will conduct regular performance monitoring of all services, with particular attention to areas identified as under-performing.
- 4.2.4. An Internal Audit review of the AGS was completed in January 2022 and achieved a 'reasonable' assurance level with just one recommendation designated as 'important'. This related to better linking and summarising findings from the self-assessment process within the AGS, cross-referenced to the Action Plan. The recommendations from the audit have been incorporated into the 2021/22 Statement; this includes the production of a detailed timetable for officers to follow covering production and sign off of the report.
- 4.2.5. The Local Government and Public Involvement in Health Act 2007 include powers to enable Councillors to champion local issues where problems have arisen in their ward. North Norfolk has embedded the "Councillor Call for Action" which allows Councillors to ask for discussion at Overview and Scrutiny Committee on issues where other methods of resolution by the District Member have been exhausted.
- 4.2.6. The development of the procurement function across the public sector has led to the establishment of a number of framework agreements for purchasing where the detailed work on price and quantity with suppliers has already been carried out. Contracts for supply are only established when goods, works or services are called off under the agreement.
- 4.2.7. The updated Procurement Strategy 2021 - 2025 was approved by Cabinet at the September 2021 meeting. Following a number of previous audit recommendations regarding procurement Full Council also approved a number of updates and improvements to the Constitution following at their meeting on 21 July 2021.
- 4.2.8. The Standards and Conduct provisions of the Localism Act 2011 came into force on 1st July 2012. The authority has appointed an Independent Person pursuant to the Act and has decided to have a Standards Committee (which is now not mandatory).
- 4.2.9. The Council also has in place the '[Counter Fraud, Corruption and Bribery Policy](#)', which provides a key source of assurance and was last updated in July 2020 and is currently in the process of being updated.

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- 4.2.10. The GRAC met four times during the year to provide independent assurance to the Council in relation to the effectiveness of the risk management framework and internal control environment. The Committee received regular reports on, internal control and governance matters in accordance with its agreed work programme.
- 4.2.11. Ordinarily the Annual Internal Audit Plan would be considered and approved by the GRAC in January ahead of the forthcoming financial year. However, due to the ongoing impact of Covid-19, it had not been possible at that time to produce the Annual Plan; as a result, the audit plans for the year were approved at the Committee meeting held on 15 June 2021, alongside the audit opinion. It was suggested at that time by the Head of Internal Audit that this would have a limited impact on the audit plan, as quarter 1 would have a light workload and the 2021/22 plan has been delivered in line with the expectations.
- 4.2.12. The 2021/22 Internal Audit Plan approved included a total of 170 days, encompassing 16 internal audit reviews, split into five key themes to provide adequate coverage over the Governance, Risk Management and Control framework informing the annual audit opinion.
- 4.2.13. During the 2021/22 financial year 14 (9 in 2020/21) internal audit assignments were completed and delivered over 150 days (129 days in 2020/21) of the original 170 agreed, and a reasonable audit opinion was given for the year overall. Of the 14 completed 13 resulted in a positive grading, the fraud audit received a limited assurance but a number of improvements are due to be considered by GRAC in June 2022 to address the recommendations made within that report.
- 4.2.14. The Council's Corporate Delivery Unit (CDU) has been established and designed to provide strategic and corporate oversight and advice on projects taken forward by the Council. An assurance review of the Project Management Framework was completed by Internal Audit in January 2022 to review the progress of the unit. The review provided a 'reasonable' assurance level with two new important recommendations, firstly to undertake a post-implementation review of the Project Management Guide and secondly for senior management to reinforce utilisation of the process by ensuring that projects considered by the Corporate Leadership Team (CLT) are compliant with the process to date.
- 4.2.15. The audit also reported on the following areas of good practice identified;
- The CDU 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;

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- There is a Log of Project Programmes which has been cross-referenced to the Corporate Delivery Plan to try to ensure that all projects are identified for management through the Project Management Framework.
- 4.2.16. To improve the transparency, decision-making and governance further, a Cabinet Working Panel for Projects has also been established which meets every other month to consider all corporate projects designated as 'large'. All projects designated as 'medium' are discussed on a monthly basis at departmental management team meetings with relevant officers with any issues raised and escalated as required.
- 4.2.17. 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". The conclusions of the internal audit enable an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control to be provided. In addition, Internal Audit can undertake fraud investigation and proactive fraud detection work which includes reviewing the control environment in areas where fraud or irregularity has occurred. All significant weaknesses in the control environment identified by Internal Audit are reported to senior management and the GRAC. It is also important to note that substantial assurance (the highest level of assurance that can be achieved) was concluded in 3 out of 14 audits which represents 21% of the audits completed (3 out of 9 (33%) for 2020/21) covering the following areas:
- Accounts Receivable
  - Accountancy Services
  - Customer Services
- 4.2.18. Internal Audit also carry out regular reviews of the status of implementation of Internal Audit recommendations. There are 26 historical recommendations overdue at the year-end (30 in 2020/21).
- 4.2.19. It should also be noted that the internal audit contract consortium either met or exceeded all but two of its performance indicators for the year (9 out of 11 in 2020/21).
- 4.2.20. The External Auditor's Annual Audit Letter for 2019/20 was considered by GRAC at its meeting of 30<sup>th</sup> March 2022, with a management response prepared in respect of the recommendations made.
- 4.2.21. The GRAC and CLT monitor and also continually review corporate risks and ensure that actions are being taken to effectively manage the Council's highest risks.

## Annual Governance Statement 2021/22 (Appendix B)

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- 4.2.22. The Council continues to review its treasury management arrangements in line with best practice and in response to regular updates and advice from the Council's Treasury advisors, Arlingclose, who also provide training to both officers and Members on treasury management related issues.
- 4.2.23. Key officers complete an annual Self-Assessment Assurance Statement which identifies non-compliance in a number of areas including procedures, risk and control, financial management and procurement. Any significant areas of non-compliance will either be taken account of in Service Plans or if corporate included in the AGS action plan. As with last year and in line with CIPFA best practice the process has been expanded to include asking managers to consider and comment on any significant issues which have been caused by the COVID-19 pandemic or of the impact has identified any areas of weakness in governance.
- 4.3. The year-end review of the governance and the control environment arrangements by CLT included:
- 4.3.1. Obtaining assurances from the Chief Executive and Assistant Directors that key elements of the control framework were in place during the year in their departments.
  - 4.3.2. The statement itself was considered and signed off by CLT and is supported by them as an accurate reflection of the governance arrangements in place for the year.
  - 4.3.3. Obtaining assurances from other senior management, including the Monitoring Officer, that internal control and corporate governance arrangements were operating effectively within their areas of responsibility throughout the year.
  - 4.3.4. Reviewing any high-level audit recommendations that remained outstanding at the year end and taking appropriate action if necessary.
  - 4.3.5. Reviewing external inspection reports received by the Council during the year, the opinion of the Head of Internal Audit in her annual report to management and an evaluation of management information in key areas to identify any indications that the control environment may not be sound.
  - 4.3.6. Reviewing the updated Local Code of Corporate Governance.
- 4.4. The GRAC received assurances from the Head of Internal Audit that standards of internal control, corporate governance arrangements and systems of risk management were all operating to an adequate standard, with a reasonable assurance being concluded.

## Annual Governance Statement 2021/22 (Appendix B)

- 4.5. The GRAC review the effectiveness of the governance framework as part of an annual review of the Local Code of Corporate Governance, and an improvement plan to address weaknesses and ensure continuous improvement of the system is in place.
- 4.6. In terms of gaining assurance on risks associated with delivering services through third parties, the formal partnership known as Coastal Partnership East between NNDC, Great Yarmouth Borough Council and East Suffolk has now been in place for four years. This approach is considered the best way for these Councils to address the challenges that are common to the whole coastline of Norfolk and Suffolk. By collaborating, rather than competing with one another for resources, we will be far better able to:
- Retain and recruit staff;
  - Broaden the scope of works that we can undertake;
  - Share experiences, lessons and new techniques;
  - Prepare joint schemes and projects (achieving economies of scale) and;
  - Explore new and innovative approaches to adaptation as well as coast protection.
- 4.7. Coastal Partnership East was formed by bringing together the coastal management resources and expertise from North Norfolk District Council, Great Yarmouth Borough Council and East Councils. The Partnership works along the 220km of coastline across Norfolk and Suffolk. This approach is seen an appropriate way of capitalising on our strengths and building resilience for the future.
- 4.8. A Section 113 Agreement made by the three authorities means that staff remain employed through their respective authorities and the management of each frontage remains with each Council, however, the shared resources of the Partnership are able to flex across local authority boundaries to enable all to benefit from a more resilient resource and skills base. The partnership is overseen by a Board comprising of relevant Member Portfolio holders/Committee Chairs that are supported by an Operational (senior) Officer Group, both of which meet on a quarterly basis.
- 4.9. The manager for Coastal Partnership East is included as part of the Council's annual Self Assurance process.

### 5. GOVERNANCE ISSUES

- 5.1. **Managers' Self-Assessment Assurance Statements** – these are produced on an annual basis by the Chief Executive, Directors and Assistant Directors (ADs) across the Council relating to their particular service areas. There are also further specific requirements for the Monitoring Officer and Section 151 Officer. The Statements cover key areas of responsibility as follows;



## Annual Governance Statement 2021/22 (Appendix B)

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• Procedures • Effectiveness of key controls • Alignment of Services with Corporate Objectives, Service Planning, Performance Management and Customer Satisfaction • Human Resources • Finance • Risks and Control • Health and Safety • Procurement • Insurance • Information Technology • Data Protection • Freedom of Information • Business Continuity • Partnerships • Equalities • Driver safety

- 5.2. Following a review of the Statements supplied, the AGS is drafted in consultation with Management Team (MT) before being considered by the CLT. Once approved by CLT the statement is signed off by the Chief Executive and the Leader of the Council before being approved by GRAC.
- 5.3. **Self-Assessment Assurance Statements for 2021/22** - A yes/partial/no response is required, with evidence and action required recorded where appropriate. Each AD is also required to note any issues they feel represent a significant control risk or governance issue. For the past two years, these statements have also included a section specifically in relation to the impact of COVID on processes and controls, and how these are now managed in the new environment.
- 5.4. Following the review of the Statements and the draft Annual Governance Statement for 2021/22, the following have been identified in terms of emerging themes for the organisation.
1. **Service/team plans and performance** - A number of managers referred to the need for further development of the Service and Team Plans to help ensure that resources are targeted in the most efficient way and that significant areas of work are sufficiently resourced. Further work is required with the Corporate Delivery Unit (CDU) to understand the impact of various new and emerging corporate projects on the Council's various support teams so that resource constraints can be identified, addressed, and prioritised as required. Managers also felt that in some areas performance targets and measures needed to be challenged and reviewed to ensure that they were adding value to the business and that they were realistic, meaningful and relevant.
  2. **Staff recruitment and retention** – While this has been a challenge for the authority for a number of years for various reasons the problem seems to have been worsening. The impact of this is being felt across the Council in a number of areas, with significant private sector inflationary increases putting pressure on local government pay levels following COVID. There are also challenges at certain pay grades when compared to other neighbouring local authorities.
  3. **Policy and strategy updates** – a number of the Council's policy and strategy documents are overdue for review and updating and there is a risk that these documents do not reflect current corporate priorities and best practice if the reviews are delayed.
- 5.5. Crucially, the responses have highlighted that there are no significant governance issues and governance arrangements are mainly consistent across the Council. Where partial responses have been provided, managers have already identified actions that are being progressed to

## Annual Governance Statement 2021/22 (Appendix B)

address these areas and the Head of Internal Audit will review progress during 2022/23, with updates sought from ADs through the Council's performance management system InPhase.

- 5.6. There have not been any alleged or proven frauds during the 2021/22 financial year.
- 5.7. The following Action Plan has been developed to help address any control or governance issues identified as part of the AGS process.

Issue	Action/Outcome	Officer(s)	Target Date
Not all Service Plans and Team Plans have been updated. Without these in place there is an increased risk that resources are not targeted in the most efficient way and that significant areas of work are not sufficiently resourced. These plans will also drive and impact on some of the Council's performance targets.	Team Plans and Service Plans to be reviewed along with performance measures to ensure they continue to support corporate priorities and that targets are realistic, meaningful and relevant.	CLT/MT	31 December 2022
The Employee Code of Conduct was due to be reviewed in April 2020. The policy therefore needs to be reviewed and updated in response to recent corporate learning gained through internal and external audit reports to ensure that it remains fit for purpose.	Employee Code of Conduct policy to be reviewed in respect of recent corporate learning and to ensure the policy remains up-to-date	HR Manager	31 December 2022
The Council's IT Strategy has not been reviewed for a number of years and the previous planned review was impacted due to Covid.	Review and update IT Strategy and combine with Digital Strategy	Assistant Director for Organisational Resources	31 December 2022
The Partnership Framework has not been reviewed since the establishment of the CDU so there is a risk that the project management framework is not properly	Review and update the Partnership Framework and guidance.	CLT	31 October 2022

## Annual Governance Statement 2021/22 (Appendix B)

aligned with this area of the business.			
The fraud audit was given a limited assurance level, the Head of Internal Audit has recommended monitoring the implementation of the recommendations contained within the report. It should however be noted that GRAC will be considering a report on these issues in June 2022.	Ensure that the recommendations contain within the fraud audit are delivered in a timely fashion.	Assistant Director for Organisational Resources	June 2022

### 6. CERTIFICATION

- 6.1. To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year with the exception of those areas identified above. We propose over the coming year to take steps to address the above matters to enhance our governance arrangement. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Leader of the Council**

**Cllr Tim Adams**

**Date**

**Chief Executive**

**Mr Steve Blatch**

**Date**

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## UPDATED FRAUD POLICY AND FRAUD RISK ASSESSMENT

**Summary:** The assurance review of Counter Fraud and Corruption (NN/22/04) was completed in March 2022 by Internal Audit and was given a 'limited assurance' level, although it should be noted that this was the same position across the whole audit consortium.

The main reason for this is that since resources previously allocated for the detection of fraud (2 x FTEs) were transferred to the DWP in April 2015 the Council has not had a dedicated fraud resource to lead on this area of work and whilst all officers have a responsibility to try to detect and mitigate fraud the Council no longer has any dedicated staffing to give this area the focus it requires.

The audit report made a number of recommendations designed to help strengthen the Council's approach to fraud and corruption.

The purpose of this report is to consider the recommendations contained within the audit report and make Members aware of the current fraud trends affecting the public sector. The report also contains the Council's fraud risk assessment that has been undertaken and the update to the Anti-fraud and Corruption Policy.

**Conclusions:** It is clear that there are improvements which can be made in relation to increasing fraud awareness across the Council. A number of improvements have been recommended as part of the fraud assessment process contained within this report. Implementation of the recommendations and improvements proposed will help address the issues identified within the recent audit.

**Recommendations:** The committee is requested to;

1. Approve updated Fraud and Anti-Corruption Policy;
2. Note the associated Fraud Risk Assessment for 2021/22;
3. Note the recommended improvement actions; and
4. Note the progress on the audit actions.

Cabinet Member(s)	Ward(s) affected
Cllr Eric Seward	All
Contact Officer, telephone number and email: Cara Jordan, 01263 516373, cara.jordan@north-norfolk.gov.uk	

## **1. Introduction**

- 1.1 The assurance review of Counter Fraud and Corruption (NN/22/04) was completed in March 2022 by Internal Audit and was given a 'limited assurance' level, although it should be noted that this was the same position across the whole audit consortium.
- 1.2 The main reason for this is that since resources previously allocated for the detection of fraud (2 x FTEs) were transferred to the DWP in April 2015 the Council has not had a dedicated fraud resource to lead on this area of work and whilst all officers have a responsibility to try to detect and mitigate fraud the Council no longer has any dedicated staffing to give this area the focus it requires.
- 1.3 The assurance review made a number of recommendations designed to help strengthen the Council's approach to fraud and corruption. The purpose of this report is to address the recommendations contained within the assurance review and to make Members aware of the current fraud trends affecting the public sector. The report also contains the Council's fraud risk assessment that has been undertaken and the update to the Anti-fraud and Corruption Policy.

## **2 Anti-fraud and Corruption Policy update**

- 2.1 The assurance review made a number of recommendations, including updating the Anti-fraud and Corruption Policy to reflect the Council's new management structure. This has been undertaken by the Head of Internal Audit and the opportunity has also been taken to include best practice from the Local Government Fraud Strategy 'Fighting Fraud and Corruption Locally'.
- 2.2 The updated policy has been shared with the Corporate Leadership Team (CLT), Management Team (MT) and key staff ahead of this report being prepared for committee and comments and suggested amendments have been included as appropriate. The updated policy can be found within Appendix A.

## **3 Fraud risk assessment April 2022**

- 3.1 A further issue from the assurance review focussed around the fact that the Council has not undertaken a fraud risk assessment and hence there are no plans in place to reduce all risks of fraud that may affect the Council.
- 3.2 It was therefore recommended that the Council undertake an assessment of the fraud and corruption risks that it faces, and put in place actions to mitigate them where required. Once complete the assessment is to be used to update Service Plans and determine whether a strategic risk should be added to the Corporate Risk Register (CRR). The assessment then needs to be signed off by GRAC as the Committee will have responsibility for risk management.
- 3.3 The rationale was that without an assessment, there is a potential that some risks of fraud or corruption have not been identified and responded to. The Fraud Risk Assessment can be found within Appendix C.

## **4 Update on audit actions**

- 4.1 The recommendations made as part of the assurance review are summarised below including updates regarding progress against each.
- 4.2 The audit highlighted the following areas where two 'urgent' recommendations have been made.
1. An assessment of fraud and corruption risks be undertaken, with Members informed of the outcomes and an action plan put in place to respond to the risks identified. This recommendation is actioned as per this report to GRAC – particularly Appendices B and C attached.
  2. A review of the resources required for counter fraud work be undertaken. CLT discussed the position regarding a dedicated resource to manage fraud risks at its meeting of 17<sup>th</sup> May 2022. This discussion recognised that historically the Council had a small team of 3 FTEs, subsequently reduced to 2 FTEs, before TUPE transfer of this team to the DWP in April 2015 where Benefit Fraud investigation was centralised in a national team. Since this time, the authority did not have a dedicated fraud resource, but sought to manage such risks through existing staff systems and processes. As no clear Business Case had been made through the assurance review for a dedicated fraud resource relative to the scale of fraud/risk face by the authority, and in the absence of any New Burdens or other funding from Government to support the employment of a Fraud Officer(s), CLT did not think a strong financial case had been made to employ additional staff for this purpose. CLT therefore proposed that relevant staff be given further training of fraud risks and that this issue be reviewed further in 12 months time.
- 4.3 The audit has highlighted the following areas where four 'important' recommendations have been made;
1. An annual report be presented to Governance, Risk and Audit Committee on the Council's progress in combating fraud risks. Agreed with auditors to include within the Monitoring Officers Annual report.
  2. Training sessions for counter fraud and corruption to be rolled out across the Council. Records for training sessions to be formally recorded and monitored. Discussed and agreed with HR, detailed training for key staff currently being trialled with Revenues and Benefits staff to ensure scope is appropriate prior to a wider rollout in June/July 2022.
  3. A programme of work be introduced to improve the counter fraud culture within the Council. Draft attached at Appendix C.
  4. An annual action plan to carry out all required counter fraud work be put in place and agreed by committee. Draft attached at Appendix C.
- 4.4 The audit has also highlighted the following areas where three 'needs attention' recommendations have been made.
1. Fraud risks be considered as part of the process for creating new policies, strategies and initiatives across the Council. Complete – signed off with Internal Audit 31/03/22. Updates provided to CLT/MT/OMT/CDU to remind them of this requirement.

2. The Council registers with Government Counter Fraud Profession Knowledge Hub the Fighting Fraud and Corruption Locally regional network. Complete – signed off with Internal Audit 31/03/22.
  3. The Council's Counter Fraud, Corruption and Bribery Strategy to be revised, to include the Council's tolerance to fraud and corruption. Draft attached at Appendix A.
- 4.5 As can be seen from the above a number of recommendations have already been signed off and significant progress has been made against each of the others with the expectation that all recommendations will be able to be signed off once the above documents have been reviewed and agreed by GRAC on 14 June 2022.

## **5 Corporate Plan Objectives**

- 5.1 Having a strong governance framework underpins the entire Corporate Plan and Delivery Plan but the area of fraud and corruption is particularly relevant to 'Financial sustainability and Growth' work stream.

## **6 Financial and resource implications**

- 6.1 As identified within the Fraud Risk Assessment there are training requirements Council-wide along with more focused training for certain key areas such as Revenues, Benefits and Exchequer. This process will be managed through the Skillgate training resource.
- 6.2 Promotion of the updated Anti-fraud and Corruption Policy can be undertaken via staff updates and through team meetings and this policy needs to be read and acknowledged by all new starters.
- 6.3 There have been previous discussions (pre-Covid) with partners across Norfolk regarding a shared fraud resource across the county and also data sharing work but these discussions stalled as a result of the pandemic and have not yet re-commenced so there is no understanding of the costs/benefits which might be realised by the District Council through such an arrangement.

## **7 Medium Term Financial Strategy**

- 7.1 Anything which the Council can do to minimise fraud is good in terms of protecting the public purse and ensuring the Council has adequate funds to finance corporate priorities.

## **8 Legal implications**

- 8.1 There are no legal implications as a result of this report.

## **9 Communication issues**

- 9.1 As per a number of the actions contained within Appendix C, communications will be important in terms of increasing fraud awareness across the authority and the improvements recommended cover a range of methods including training, staff briefings etc and these will be progressed in line with the timetable outlined.



## **10 Risks**

- 10.1 There is a dedicated risk assessment contained at Appendix C.

## **11 Conclusions and Recommendations**

- 11.1 It is clear that there are improvements which can be made in relation to increasing fraud awareness across the Council and a number of improvements have been recommend as part of the fraud assessment process. Implementation of the recommendations and improvements proposed will help address the issues identified within the recent audit.

### **Recommendations**

The committee is requested to;

1. Approve updated Fraud and Anti-Corruption Policy;
2. Note the associated Fraud Risk Assessment for 2021/22;
3. Note the recommended improvement actions; and
4. Note the progress on the audit actions.

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## **North Norfolk District Council**

# **Counter Fraud, Corruption and Bribery Policy**

**April 2022**

## Document Control and History

Version Control			
Issue No.	Author	Issue Date	Reasons for Issue
1.1	Faye Haywood	April 2022	Refresh of 2021 policy to reflect new job titles, update terminology and to incorporate new guidance 'Fighting Fraud and Corruption Locally 2020'.

Approval of draft and final approval process			
Issue No.	Approval Process	Name	Signature and Date
1.1	Gov Risk & Audit Committee		

Revision Schedule			
Issue No.	Approval Process	Name	Signature and Date

Added to Policy Register		
Yes/No	Policy Officer Signature and Date	Signature and Date

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## Introduction

**FRAUD** is a deception that is deliberate and intended to provide a direct or indirect personal gain. The term “fraud” can include criminal deception, forgery, blackmail, corruption, theft, conspiracy or the covering up of material facts and collusion. By using deception, a fraudster can obtain an advantage, avoid an obligation or cause loss to another party. The Fraud Act 2006 identifies three criminal offences:

- false representation
- failure to disclose information
- abuse of position

**CORRUPTION** is the deliberate misuse of your position for direct or indirect personal gain.

“Corruption” includes offering, giving, requesting or accepting a bribe or reward, which influences your actions or the actions of someone else.

**THEFT** is where someone steals cash or other property. A person is guilty of “theft” if he or she dishonestly takes property belonging to someone else and has no intention of returning it.

**BRIBERY** is, if someone was to try to offer an incentive to ensure that, for example, a planning application was approved, or, conversely someone accepted or asked for something of material value from contractors, suppliers or persons in return for their being approved to provide services / goods to the Council.

**ECONOMIC CRIME** is a new term introduced to cover a broader set of crimes that cause harm to society and the UK’s economy.

Economic crime refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others.

This poses a threat to the UK’s economy and its institutions and causes serious harm to society and individuals. It includes criminal activity which:

- Allows criminals to benefit from the proceeds of their crimes or fund further criminality;
- Damages our financial system and harms the interests of legitimate business;
- Undermines the integrity of the UK’s position as an international financial centre; and/or
- Poses a risk to the UK’s prosperity, national security and reputation.

North Norfolk District Council is committed to the highest possible standards of openness, probity, honesty, integrity and accountability. We expect all staff, councillors and partners to apply these standards, which are included in our codes of conduct.

We will seek to deter and prevent fraud, corruption and theft to ensure that all risks in these areas are reduced to the lowest level possible. Where we suspect or detect fraud, corruption or theft we will thoroughly investigate and deal with any proven fraud in a consistent and balanced way. We will apply appropriate sanctions against those committing fraud and will attempt to recover all losses.

The legal framework for fraud and corruption is defined by a number of acts. Primarily, the Fraud Act 2006 establishes a criminal liability for fraud through either false representation, failing to disclose information or abuse of position. Section 17 of the Theft Act 1968 creates an offence of destroying, defacing, concealing or falsifying any account, record or document made, or required, for any accounting purposes. The Bribery Act 2010 makes it an offence to attempt to bribe someone, or receive a bribe where that may result in improper discharge of a public function.

## Scope – Policy Aim

The key objectives of this policy are to:

- Increase staff and Member awareness of the corporate counter fraud culture which the Council actively supports and to encourage individuals to promptly report suspicions of fraudulent or corrupt behaviour;
- Communicate to partners, suppliers, contractors, Council owned/part owned companies and other organisations that interact with the Council that it expects them to maintain standards aimed at minimising fraud and corruption in their dealings with the Council;
- Demonstrate the arrangements that the Council has in place to counter fraud and corruption; and
- Minimise the likelihood and extent of losses through fraud and corruption.

This policy applies to:

- All North Norfolk District Council Councillors;
- All North Norfolk District Council staff and officers providing services to and on behalf of the Council
- Council partners, contractors, suppliers, council owned/part owned companies and consultants; and
- Any member of the public.



## **Executive Summary**

North Norfolk District Council is opposed to all forms of fraud, corruption, theft or bribery. We will take action against anyone who attempts to defraud the Council, whether they are our own employees or Councillors, external organisations or members of the public. To deliver the aims of this policy we will:

- Accurately identify the risk of fraud;
- Create and maintain a strong counter fraud culture;
- Take action to deter, prevent and detect fraud, investigate and apply sanctions and seek redress where fraud is proven; and
- Record and report our outcomes to the Governance Risk and Audit Committee.

## **Policy Consultation and Consideration**

The Council's Corporate Leadership Team and the Governance Risk and Audit Committee.

# Policy Statement

## 1. The Policy

North Norfolk District Council is committed to preventing and detecting and investigating all forms of fraud, corruption, theft and bribery. We will take action against anyone who attempts to defraud the Council, whether they are our own employees or Councillors, external organisations or members of the public.

In order to deliver against our priorities, we need to ensure that we minimise losses to fraud, corruption and bribery. For every pound we lose to these activities, there is a pound less we can spend on delivering our objectives.

As a public service authority, we have a duty to ensure we promote effective stewardship and value for money in the use of our public funds. Fraud, corruption and bribery reduce the reputation and confidence that can be placed in the Council and public service bodies generally.

We will adopt a risk-based approach to tackling fraud, corruption, theft and bribery and promote zero tolerance, by using tools identified in the [Local Government Fraud Strategy, Fighting Fraud and Corruption Locally](#).

## 2. What we mean by Fraud, Corruption and Bribery

This policy outlines our approach to tackling fraud, corruption, theft and bribery. Examples of fraud, corruption and bribery are as follows but not limited to:

Abuse of position	<p>Deliberately falsifying, substituting or destroying records for personal gain.</p> <p>Deliberate failure to declare an interest.</p> <p>Intentional breaches of financial regulations and procedures.</p> <p>The offer, giving or acceptance of inducements to influence action or decisions by the Council.</p> <p>Abuse of position as employee to benefit friends, family or others.</p> <p>Personally profiting from the sale of Council equipment.</p> <p>Use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party.</p> <p>Theft of funds, services or assets from the Council or its partners.</p>
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Cyber Fraud	Cyber attacks resulting in loss of information diversion of funds through scams or spam.
Right to Buy	Fraudulent applications under the Right to Buy/acquire.
Money laundering	Exposure to suspect transactions.
Commissioning of services	Conflicts of interest, collusion, bribery.
Tenancy	Fraudulent applications for housing or successions of tenancy, and subletting of the property.
Procurement	Tendering issues, split contracts, double invoicing, mandate fraud.
Payroll and HR	False employees, overtime claims, expenses, working whilst on sick leave.
Identity fraud	False identity/fictitious persons applying for services/payments.
Council Tax and Housing Benefit	Discounts and exemptions, Housing Benefit and Council Tax support.
Grants	Work not carried out, funds diverted, ineligibility not declared.
Business rates	Fraudulent applications for exemptions and reliefs, unlisted properties.
Insurance fraud	False claims including slips and trips.
Disabled facility grants	Fraudulent applications for adaptations to homes aimed at the disabled.

The act of attempted fraud will be treated as seriously as actual fraud.

The Bribery Act 2010 makes it possible for individuals to be convicted where they are deemed to have given their consent or tacit approval in giving or receiving a bribe. It also created the corporate offence of “Failing to prevent bribery on behalf of a commercial organisation.” To protect itself against the corporate offence the Act also requires organisations to have “adequate procedures in place to prevent bribery.”

This policy statement, the codes of conduct and the Whistleblowing Policy are designed to meet that requirement.

## Responsibilities

<i>Stakeholder</i>	<i>Specific Responsibilities</i>
Chief Executive	Accountable for the Council's overall governance arrangements including the procedures and effectiveness of the Council's arrangements for countering fraud and corruption.
Monitoring Officer	Advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice. To promote, monitor and enforce probity and high ethical standards within the District Council and Town and Parish Councils within the district of North Norfolk.
Section 151 Officer	To ensure that effective procedures are in place to investigate promptly any fraud or irregularity. To evaluate the adequacy and effectiveness of internal controls designed to secure assets and data, to assist management in preventing and deterring fraud and abuse, and to examine the whole system of internal controls and not just the financial controls.
Governance Risk and Audit Committee	To review the Council's arrangements to counter fraud and corruption, with particular regard to the policies on Counter Fraud, Whistleblowing and Money Laundering.
Councillors	To support and promote the development of a strong counter fraud culture.
Corporate Leadership Team	The Corporate Leadership Team are responsible for the Council's arrangements to manage risk. To champion and promote the development of a strong counter fraud culture.
External Audit	Statutory duty to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud, corruption and theft.
Internal Audit	Provide resources to implement the Council's counter fraud policy and for the prompt investigation of suspected fraud and irregularities. To ensure that action is taken to improve controls and reduce the risk of fraud.
Management	Identify the risks to which systems, operation and procedures are exposed; developing and maintaining

	<p>effective controls to prevent and detect fraud; ensuring controls are complied with.</p> <p>Notify the Section 151 Officer immediately of any suspected fraud, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, taking all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.</p>
Staff	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any concerns immediately to their manager or the Section 151 Officer.
Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud and corruption against the Council and report any concerns or suspicions.

### 3. Our Approach

We will fulfil our responsibility to reduce fraud and protect our resources by a strategic approach consistent with that outlined in the Local Government Fraud Strategy - Fighting Fraud and Corruption Locally.

The five key themes are **Govern, Acknowledge – Prevent – Pursue and Protect:**

<b>GOVERN</b>	
Tone at the top	<p>Robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded holistically throughout the Council to support good governance.</p> <p>The Governance Risk and Audit Committee is responsible for reviewing and approving policies for Counter Fraud and Corruption and is provided with the results of any investigations that are undertaken.</p> <p>The Governance Risk and Audit Committee receive annually the Fighting Fraud and Corruption Locally strategy checklist, fraud risk assessment and fraud action plan which shows how the Council manages the suggested actions.</p>

	The relevant portfolio holder is made aware of fraud risks and mitigations.
<b>ACKNOWLEDGE</b>	
Committing Support	The Council will have a commitment to tackling the fraud threat. We have robust whistle blowing procedures, which support those who come forward to report suspected fraud. All reports will be treated seriously and acted upon. We will not, however, tolerate malicious allegations.
Assessing and Understanding Risks	<p>We will continuously assess those areas most vulnerable to the risk of fraud in conjunction with our Risk Management arrangements and risk based Internal Audit reviews. Through these assessments, we can understand how fraud affects the Council and what we can do about it.</p> <p>A fraud risk assessment is undertaken by the Council to determine areas where counter fraud activity is required, highlighting the impact this may have on the local community, which feeds into the Annual Fraud Plan.</p>
Robust Response	We will strengthen measures to prevent fraud as detailed by the Annual Fraud Plan – the Internal Audit service and the Revenues and Benefits staff will work with managers and policy makers to ensure new and existing systems and policy initiatives are adequately fraud proofed.

<b>PREVENT</b>	
Better Use of Information & Technology Working with Others	We will make greater use of data and analytical software to prevent and detect fraudulent activity. We will look for opportunities to share data and fraud intelligence to increase our capability to uncover potential and actual fraud. Our systems are designed to meet key control objectives and minimise the opportunity for fraud. We will continue to review systems and make sure appropriate internal controls are in place and adhered to and implement improvements.

	The Council registers with Government Counter Fraud Profession Knowledge Hub the Fighting Fraud and Corruption Locally regional network.
Anti-Fraud Culture	<p>We will promote and develop a strong counter fraud culture, raise awareness and provide information on all aspects of our counter fraud work. This will include reporting the results of all proactive work, fraud investigations, successful sanctions and any recovery of losses due to fraud.</p> <p>We will work to a corporate framework that identifies responsibilities for decision making and rules of procedure and ensures the highest standards of conduct are practiced by staff, Councillors and those we do business with.</p> <p>We will carry out due diligence when appointing staff, carrying out relevant checks on references and qualifications and providing appropriate training.</p>
Corporate approach	Through the Corporate Risk Management framework and risk based Internal Audit reviews we will identify potentially vulnerable areas.

## **PURSUE**

Fraud Recovery	A crucial element of our response to tackling fraud is recovering any monies or assets lost through fraud – this is an important part of our strategy and will be rigorously pursued, where possible.
Punishing Fraudsters	We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may include legal action, criminal and/or disciplinary action, where appropriate.
Enforcement	Appropriately trained investigators will investigate any fraud detected through the planned proactive work, cases of suspected fraud referred from internal or external

	stakeholders or received via the whistle blowing arrangements.
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## **PROTECT**

Protecting the Council and its Residents	<p>Fraud and corruption cases are publicised and endorsed by the Council's Communications Team to highlight awareness in the local community.</p> <p>Cyber crime controls are regularly reviewed to ensure they remain adequate to new and increasingly sophisticated techniques from fraudsters.</p> <p>The Council's external auditors provide assurance within their annual review that public funds are protected.</p> <p>Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud proof systems to prevent future occurrences.</p>
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## Implementation

Service Managers are responsible for making sure that all staff are familiar with the content of this policy. Under its terms of reference it is the role of the Governance Risk and Audit Committee to review the Council's procedures, arrangements, incidences, actions for handling allegations from whistle blowers, and Counter fraud corruption and bribery policy.

The Section 151 Officer is responsible for making sure that the Council has control systems and measures in place and is accountable for the implementation of this policy.

There is a source of support for Fraud under the Council's Internal Audit Contract.

Communication plans and training are very important in highlighting awareness and the Corporate Leadership Team, Management Team and Service Managers have a key role to play in making sure this happens.

### Reporting concerns of Fraud, Corruption and Bribery

Anyone who has a concern that a potential incident of fraud, corruption or bribery has arisen should always attempt to raise these concerns at the earliest opportunity.

The Council has a dedicated section of its website to help report concerns regarding potential benefit fraud, which can be accessed [here](#).

The Council acknowledges that this can be difficult and challenging to do in some cases and the Whistleblowing Policy has been established in order to provide those raising concerns with a safe avenue with which to do so.

It also offers sources of advice and guidance that they may turn to. The Whistleblowing Policy can be found on the [Council's intranet and internet sites](#). In addition, Appendix A to this policy provides details of the Council's Whistleblowing contacts.

### Investigative approach

The primary means of investigating fraud is through the Monitoring Officer who is able to call in other relevant officers for support as required. This will apply to all benefits related fraud, and the majority of other "internal" frauds.

There are provisions in the Internal Audit Service contract to engage Counter Fraud trained auditors, to work under the direction of the Head of Internal Audit, and in addition, the Head of Internal Audit can be involved in such special investigations. Appendix B provides the detailed processes that need to be followed.

## Monitoring

This policy is to be reviewed at least every three years (or more frequently if required by changes to statutory legislation). Prior to any approval, the following parties shall be consulted:

- The Council's Corporate Leadership Team
- The Governance Risk and Audit Committee

On an annual basis, the policy shall be reviewed by the Head of Internal Audit and Section 151 Officer to ensure that details remain relevant and up-to-date. This review will not require re-endorsement of the policy.

The policy will be also monitored in the following ways:

<b>MONITORING ACTIVITY</b>	<b>PERSON RESPONSIBLE</b>
Incidence of fraud	Section 151 Officer and Governance Risk and Audit Committee
Annual Governance Statement	Corporate Leadership Team and Governance Risk and Audit Committee
Annual returns	Section 151 Officer

## **Related Policies and Strategies**

Whistle blowing

Anti-Money Laundering Policy

Members' Code of Conduct

ICT Security Policy

Financial Regulations

Officers' Code of Conduct

## **Appendices**

Appendix 1 – Contacts for Whistle blowing

Appendix 2 – Investigation procedures

Appendix 3 - Corporate Counter Fraud Awareness Action Plan

## Appendix 1 - Contacts for Whistle Blowing

### Raising concerns internally

<u>Chief Executive</u>	<u>Steve Blatch,</u> <u>Email: <a href="mailto:Steve.Blatch@north-norfolk.gov.uk">Steve.Blatch@north-norfolk.gov.uk</a></u>
<u>Director for Resources (Statutory S151 Officer)</u>	
<u>Assistant Director Finance Assets Legal (Monitoring Officer)</u>	<u>Cara Jordan,</u> <u>Email: <a href="mailto:Cara.Jordan@north-norfolk.gov.uk">Cara.Jordan@north-norfolk.gov.uk</a></u>
<u>Head of Internal Audit</u>	<u>Faye Haywood</u> <u>Email:</u> <u><a href="mailto:Faye.haywood@southnorfolkandbroadland.gov.uk">Faye.haywood@southnorfolkandbroadland.gov.uk</a></u>
<u>Human Resources Manager</u>	<u>James Claxton</u> <u>Email: <a href="mailto:James.Claxton@north-norfolk.gov.uk">James.Claxton@north-norfolk.gov.uk</a></u>
<u>The National Benefit Fraud Hotline</u> For raising suspicions concerning Housing Benefits Fraud	<u>0800 854 440</u>
<u>North Norfolk District Council</u> For raising suspicions concerning Council Tax Support and Benefits Fraud	<u>DWP benefits fraud – 01263 516349</u> <u>Council Tax – 01263 516071 <a href="mailto:ctax@north-norfolk.gov.uk">ctax@north-norfolk.gov.uk</a></u>

## **Appendix 2 - Investigation Procedures**

### **1. Introduction**

- 1.1 The purpose of the Council's Fraud, Corruption and Bribery Investigative Approach is to set out the action to be taken when a fraud is suspected or discovered. This plan forms part of the Council's overall approach to countering fraud and corruption.
- 1.2 Adhering to this plan will enable the Council to ensure that all incidents of fraud, corruption and bribery are handled in a consistent and responsible manner and the relevant responsibilities when responding to an incident are clear.

### **2. Reporting Concerns of Fraud, Corruption and Bribery**

- 2.1 Anyone who has a concern that a potential incident of fraud, corruption or bribery has arisen should always attempt to raise these concerns at the earliest opportunity. The Council acknowledges that this can be a difficult and challenging act to do in some cases, and the Whistleblowing Policy has been established to provide those raising concerns with a safe avenue with which to do so. It also offers sources of advice and guidance that they may turn to.
- 2.2 The Whistleblowing Policy makes clear that the Council will always respect the confidentiality of those who raise a concern. Wherever possible, it encourages the whistle-blower not to remain anonymous, and ensure that concerns are in writing to ensure that the facts of the situation are clarified.
- 2.3 Wherever the concern raised or identified relates to a matter of fraud, corruption and bribery (that is not housing and council tax support fraud), it is important to ensure that the Monitoring Officer and Head of Internal Audit are notified in order that they can ensure appropriate investigatory measures are undertaken. Wherever possible, and whilst respecting confidentiality, the Monitoring Officer will work with other officers to ensure that the right people are kept informed of incidents; in particular, they may need to notify the Section 151 Officer, the Head of Internal Audit and members of the Corporate Leadership Team. The Monitoring Officer and the Head of Internal Audit should liaise to ensure that cases raised in respect of whistleblowing are appropriately addressed.

### **3. Reacting to reports of fraud, corruption and bribery**

- 3.1 All reported cases will be handled in a fair and consistent manner. The Council will remain mindful of the legislative framework governing the investigation of concerns, in particular:
  - Freedom of Information Act 2000
  - Data Protection Act 2018
  - Human Rights Act 1998

- Criminal Procedures and Investigations Act 1996
- Police and Criminal Evidence Act 1984

3.2 As the Whistleblowing Policy identifies, if someone raises a malicious allegation they know is untrue, then the Council will not investigate the case further. The Council will also endeavour to be sensitive to the alleged wrongdoers, to ensure minimisation of damage where, subsequently, allegations cannot be substantiated.

3.3 Any investigations which involve potential fraud in relation to housing and council tax support will be undertaken in line with the Monitoring Officer's standard procedures, which follow guidance issued by the Department of Work and Pensions. The team will remain responsible for monitoring all statistics and the progression of cases in line with their standard framework. As such, the processes for the conduct of investigation set out below only relate to cases that are not of a benefits fraud nature.

#### **4. Conducting Investigations**

4.1 The Head of Internal Audit and Monitoring Officer are responsible for overseeing the progress of fraud, corruption and bribery investigations to ensure they are undertaken in a consistent and appropriate manner, and undertaken in line with legislative requirements and agreed procedures. If the concern directly affects the Head of Internal Audit, this role will be adopted by the Section 151 Officer.

4.2 The Head of Internal Audit and Monitoring Officer will also remain responsible for liaising with Service Managers as to the incident raised and the progression of the investigation. Should disputes arise during the course of an investigation, these will be referred to the Section 151 Officer (and, if necessary, the Chief Executive to assist resolution.

4.3 A number of options will be considered when determining who will be responsible for undertaking investigative work but for the most part, the Monitoring Officer will be called upon to perform this work, unless the investigation directly affects an officer within that team, or it is deemed that additional expertise is required to undertake the review. If necessary, external investigators (e.g. forensic auditors) may be appointed to undertake the investigation.

4.4 At the commencement of any investigation, the Monitoring Officer and, if applicable, Head of Internal Audit will agree the method and terms of reference for the investigation. Although it is acknowledged that flexibility will be required depending on the nature of the case, it is expected that the following will need to be considered:

- Who will conduct the investigation
- The arrangements for collecting and documenting evidence
- Estimated time span for the investigation
- Consideration of direct referral to / liaison with other authorities (e.g. Police)

- Agreeing the mechanism for reporting progress and the final outcomes
  - Liaison with Human Resources over potential suspension / transfer / disciplinary action with regards alleged wrongdoers.
- 4.5 Where it is deemed necessary to refer cases to the police, careful consideration will be given as to whether to proceed with internal investigation. However, it is expected that all staff, Members and third parties will be expected to comply with both internal and police investigations as appropriate, and wherever possible Council and police enquiries will be co-ordinated to maximise their effectiveness.
- 4.6 Upon completion of any investigation, it is expected that a report will be produced highlighting the main findings. The report will be shared with the Head of Internal Audit and Monitoring Officer, who will then be responsible for identifying the further necessary action in line with other appropriate officers (e.g. liaison with Human Resources if disciplinary action is required, or referral to the Section 151 Officer where inappropriate spending has been identified). Where it has been found that fraud or corruption has occurred, then a summary of the findings will be presented to the Corporate Leadership Team. Where fraud or corruption could not be proven, the findings will only be shared with those who have a genuine and legitimate need to know.
- 4.7 The Monitoring Officer and Head of Internal Audit will also keep the person raising the concern informed of the progress of the investigation, however, they will not necessarily be able to share either the report or the conclusions of the investigation. Where this relates to a whistleblowing case, the Head of Internal Audit will continue to work with the Monitoring Officer in this regard.
- 4.8 It is the responsibility of management to ensure that any losses arising from an investigation are recovered, if there are reasonable grounds for doing so. There are various methods of recovery the Council can utilise, for example recovery from the perpetrator, through the Council's insurers, or through legal proceedings.

## **5. General Processes**

- 5.1 This investigative approach will be available to staff and Members through the Council's intranet. It is acknowledged that circumstances may dictate further updates to the plan, and as such any changes can be made subject to agreement with the Section 151 Officer, Monitoring Officer Head of Internal Audit and Human Resources.
- 5.2 The Monitoring Officer will remain responsible for ensuring that records in respect of fraud cases are appropriately maintained, and, in line with guidance issued by The National Archives, records relating to proven frauds will be maintained for at least 6 years.



## Appendix 3 - Corporate Counter Fraud Awareness Action Plan

Aim	Actions	Outcome
To measure exposure to fraud risk and address fraud risks identified.	<p>There is a Corporate Risk Register and relevant fraud risks are recorded therein.</p> <p>There is also national data available through the National Fraud Initiative that is analysed periodically, data from the Housing Benefit Matching Service, information from National Anti Fraud Network and information sharing with External Audit.</p>	A record of potential fraud risks and a record of these are mitigated and monitored.
To complete a fraud and corruption risk assessment	To undertake an assessment of the fraud and corruption risks faced by the Council and put in place actions to mitigate them. Once complete, the assessment will be used to update Service Plans and determine whether any strategic risks should be added to the Corporate Risk Register. The Governance, Risk and Audit Committee and the relevant Portfolio Holder to be briefed on the risks identified along with an annual update in respect of the Council's counter fraud activity.	Better corporate understanding of the fraud and corruption risks facing the Council and increased confidence that appropriate actions to mitigate risks are being taken as well as any follow up actions.
To undertake validation / verification checks on areas at risk of fraud.	These are identified as part of the annual audit planning process and during each audit. These will be tested to gain assurance that fraud risks are appropriately mitigated.	A Council that is pro-active in mitigating the risk of fraud.

To increase internal fraud awareness.	<p>We will increase the awareness of fraud among employees through:</p> <ul style="list-style-type: none"> <li>• Targeted fraud awareness training for key teams and staff in high fraud risks areas;</li> <li>• General fraud training for all staff and Members;</li> <li>• Consideration of other publicity methods i.e. counter fraud item in Council's staff updates and counter fraud pages on the Intranet.</li> <li>• Regular promotion of the Whistleblowing Policy and ways staff can report concerns;</li> <li>• This Strategy and the Whistleblowing Policy being accessible to staff through the Intranet.</li> </ul>	<p>A counter fraud and corruption culture. Staff are alert to the risk, and indicators, of fraud.</p> <p>Staff know when and how to report fraud concerns. Fraudsters are deterred from committing fraud.</p>
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## North Norfolk District Council – Fraud Risk Assessment April 2022

### 1. Introduction

- 1.1 The Council recognises that each pound lost to fraud represents a loss to the public purse and reduces the ability of the public sector to provide services to people who need them. According to the Annual Fraud Indicator 2017, which provides the last set of government sanctioned estimates, fraud costs the public sector at least £40.3bn annually, with £7.3bn of this total being lost in local government.
- 1.2 For local authorities in the UK, CIPFA has estimated that the total value of fraud identified and prevented in 2019/20 is approximately £239m. The latest CIPFA fraud tracker report shows that council tax continued to be the largest area of identified fraud for councils, with more than 30,600 cases totalling £35.9m in 2019/20, the majority of which relates to single person discounts.
- 1.3 Since 1 April 2015 all potential Housing Benefit fraud issues have been referred to the Department of Work and Pension's (DWP) Single Fraud Investigation Service (SFIS) who have sole responsibility for all investigative matters. The DWP does not report to North Norfolk District Council regarding all the outcomes or financial results of cases.
- 1.4 The Council used to have a dedicated fraud resource (2 x FTEs) within the Revenues and Benefits service area. However, this resource transferred to the DWP in April 2015 and was never replaced and whilst all officers have a responsibility to try to detect and mitigate fraud, the Council no longer has any dedicated resource to give this matter the focus it requires.
- 1.5 The assurance review of Counter Fraud and Corruption (NN/22/04) was completed in March 2022 by Internal Audit and was given a 'limited assurance' level, making a number of recommendations designed to help strengthen the Council's approach to fraud and corruption.
- 1.6 The purpose of this report is to address some of the recommendations contained within the audit report and to inform Members of the current fraud trends affecting the public sector whilst highlight the fraud risk assessment that has been undertaken to outline the Council's arrangements in the fight against fraud and corruption.

### 2. Background

- 2.1 The Council has a [Counter Fraud, Corruption and Bribery Strategy](#) which was produced by the Head of Internal Audit and was approved by Cabinet in September 2020. However, as outlined above, the Council no longer has any dedicated resource to help proactively tackle fraud and corruption and while it is incumbent on all officers to try and avoid and mitigate fraud wherever possible, lack of resources makes this difficult.
- 2.2 Recent audit work has highlighted a number of areas for improvement and this includes audit NN2209 Covid Business Grants. This recommended that the current policy be updated. The target for this is for it to be considered by the Governance, Risk and Audit Committee (GRAC) in June 2022 ahead of approval by Cabinet.
- 2.3 National fraud intelligence received through publications such as [CIPFA's annual Fraud and Corruption Tracker \(2020\)](#) and [Fighting Fraud and Corruption Locally](#) – the local government counter fraud and corruption strategy (Cifas, 2020) helps to inform

local authorities of key fraud risks for councils and also of emerging frauds relevant to the sector.

### 3. Current fraud risk areas

3.1 According to the 2019/20 CIPFA Fraud and Corruption Tracker (CFaCT) the main types of fraud affecting the public sector are as follows;

- Council tax – Council tax continues to be the largest area of identified fraud nationally in the last six years and is the top fraud risk area for district and unitary councils, 57% and 32% respectively. The most significant area is Single Person Discounts (SPD), followed by council tax reduction (CTR) and then ‘other’ areas (discounts and exemptions).

#### Estimated council tax fraud

	2017/18		2018/19		2019/20	
	Volume	Value	Volume	Value	Volume	Value
SPD	46,278	£15.8m	44,051	£19.4m	23,982	£28.9m
CTR	8,759	£6.1m	8,973	£7.2m	3,845	£4.9m
Other	2,857	£4.5m	2,831	£4.0m	2,794	£1.9m
<b>Total</b>	<b>57,894</b>	<b>£26.3m</b>	<b>55,855</b>	<b>£30.6m</b>	<b>30,622</b>	<b>£35.9m</b>

- Housing – While illegally sublet properties and Right to Buy frauds continue to fall year on year, the volume of other housing fraud such as succession and application fraud has increased significantly. While the majority of this type of fraud risks sits with housing associations there are direct impacts for the Council in terms of preserved Right to Buy receipts which help to fund our capital programme. The Council does also operate its own stock of temporary accommodation.

#### Estimated housing fraud

	2017/18		2018/19		2019/20	
	Volume	Value	Volume	Value	Volume	Value
Right to buy	1,518	£92.0m	652	£46.0m	584	£30.7m
Illegal sublet	1,051	£55.8m	826	£41.8m	605	£31.6m
Other *	2,164	£68.3m	2,154	£47.7m	3,802	£60.1m
<b>Total</b>	<b>4,733</b>	<b>£216.1m</b>	<b>3,632</b>	<b>£135.6m</b>	<b>4,991</b>	<b>£122.4m</b>

\* Other includes tenancy frauds that are neither right to buy nor illegal sublet and may include succession and false applications.

- Business rates - Business rate fraud represents 1.0% of the total estimated number of cases proven to be fraudulent in 2019/20. This represents a marginal decrease from the previous year's figure of 2.0% and is reflected in the fact that the estimated loss decreased from £8.0m in 2018/19 to £6.2m this year. Nonetheless, it was recorded as the third highest fraud risk area on a national scale, as well as fourth highest specific to districts.
- 3.2 Other notable frauds that did not emerge as major types of fraud within the national picture include those outlined below, more details for which can be found within the CFaCT report linked above;
- adult social care
  - insurance
  - procurement
  - no recourse to public funds/ welfare assistance
  - payroll, recruitment, expenses and pension
  - economic and voluntary sector support and debt
  - mandate fraud, manipulation of data and grant fraud
- 3.3 As well as the CFaCT reports other sources of intelligence which the Council can access include membership to the Government's counter fraud knowledge hub . This Network has been created to be a central hub for discussion amongst members in the forum, to share resources and documentation in the library and to provide news and blogs that may be of interest to Members.
- 3.4 In relation to NNDC performance covering housing benefit and council tax support - during 2020/21 the Council paid £21m in Housing Benefit (HB) and £7.5m in Council Tax Support (CTS). The Council also paid out a further £0.5m to households under the Council Tax Hardship Fund.
- 3.5 From April 2020 to March 2021, the District Council made 23 referrals to the Single Fraud Investigation Service (SFIS). Within the same 12-month period, there were no requests for information from the SFIS and £0k of Housing Benefit has been identified as overpaid. This was due to the Department for Work and Pensions (DWP) pausing SFIS during the pandemic.
- 3.6 During 2021/22 the Council paid £19.5m in Housing Benefit (HB) and £7.5m in Council Tax Support (CTS).
- 3.7 From April 2021 to March 2022, the District Council made 9 referrals to the Single Fraud Investigation Service (SFIS). Within the same 12-month period, there were 19 requests for information from the SFIS made to the authority and £3.5k of Housing Benefit has been identified as overpaid.
- 4. Covid-19**
- 4.1 Covid-19 continues to see fraudsters exploring many, and sometimes innovative, ways to perpetrate fraud. The UK Government response to the pandemic continues to be particularly vulnerable to fraud, owing to the novelty and speed with which new measures were introduced and the size of economic relief schemes, many of which are passed down to local government to distribute further.
- 4.2 Raising fraud awareness continues to be a major defence against fraud. The fraud pages on the Council's intranet have been updated with Covid-19 specific information,

and targeted communications to staff and managers continue to be issued through a variety of means, including CLT updates and staff briefings.

- 4.3 The Council has achieved exceptional award-winning performance for the administration of nearly £130m of business grants during the Covid pandemic. The Council has been able to achieve this success by taking time at the outset to consider the best way to deliver the various grant streams in a timely manner whilst minimising fraud and error.
- 4.4 As well as building in a number of safeguards at the outset of the schemes to minimise any fraud, the Council is also supporting with the post-assurance fraud checks across the various grant schemes which are being managed by the Department for Business, Energy & Industrial Strategy (BEIS).

## **5. National Fraud Initiative (NFI)**

- 5.1 This is a national matching exercise which is run by the Cabinet Office. It is a statutory requirement for all local authorities to provide data; data is then matched both internally and with other authority's data to provide matches which require further investigation.
- 5.2 There are two main data exercises; the first is the national exercise and is run every two years and the other looks at Council Tax single person discount and is run every year. As part of the national exercise, the Council has to provide data sets for; Housing Benefit, Council Tax Support, Creditors, Payroll, Licences and Housing Waiting Lists in October and the matches then become available the following February.
- 5.3 The Single Person Discount (SPD) exercise takes the data for Council Tax and the Electoral Register and matches these every year around December and the results are immediately available.
- 5.4 The 2021 exercise generated 17,359 matches, the NFI has classified most matches with a risk assessment but less than 1% of the reported risks were ranked as High. This ranking is based on the quality and value of the match. The Revenues team will consider how to progress these matches over the coming months once the energy support payments have been made.
- 5.5 There are constant improvements in the process which this time included matching to HMRC data. Unfortunately, the quality of these matches is not high. The HMRC gather data from employers and employers contact addresses for their payroll are not always up to date. This data set has generated a lot of matches which when investigated are not useful and as the data is not the council's there is no ability to correct it.
- 5.6 The Council has to ensure that all data subjects are aware of the possibility of using data in this way, and it has to ensure that the data is used only for the purposes it is provided.

## **6. Fraud Risk Assessment 2020/21**

- 6.1 [The CIPFA Code of Practice – Managing the Risk of Fraud Corruption](#) recommends that local authorities identify and assess the major risks of fraud and corruption to the organisation. This was also a recommendation which was picked up in the recent audit (NN/22/04).

- 6.2 The assessment for North Norfolk District Council can be found within Appendix C. The key potential fraud areas are summarised within the table below, the appendix contains any associated improvement actions.

<b>Risk Area</b>	<b>Risk Category</b>
1. Council Tax & Business Rates Frauds (discounts and exemptions)	High
2. Council Tax Support Fraud	High
3. Covid-19 Grants	High
4. Energy bills rebate	High
5. Creditor Fraud	High
6. Cybercrime	High
7. Procurement Fraud	High
8. Theft of Assets	High
9. Internal Fraud	Medium
10. Recruitment Fraud	Medium
11. Fraudulent Insurance Claims	Low
12. Treasury Management	Low

- 6.3 The assessment also includes actions to help improve and better safeguard against the risk of fraud and these include a responsible officer and a deadline for implementation.

## **7. Action Plan**

- 7.1 As part of the recent audit work (NN/22/04), recommendation 6 proposed that an annual counter fraud and corruption action plan be produced in respect of counter fraud work and linked to the annual audit plan. It also recommended that the agreed plan should be agreed by the GRAC and shared with Members and senior management.
- 7.2 This plan can be found within Appendix 1 along with the actions recommended, responsible officers and timescales for implementation.

## **Reference materials for staff**

[Fighting Fraud and Corruption Locally Strategy 2020](#)  
[Government Counter Fraud Knowledge Hub](#)  
[Skillgate](#)

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## North Norfolk District Council - Fraud Risk Assessment 2022/23

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation/Action
<p>Council Tax &amp; Business Rates Frauds (discounts and exemptions)</p> <p>Page 171</p>	<p>Council Tax and business rates fraud can be a common occurrence. CIPFA report that these areas represent two of the most significant areas across all local government related fraud, recorded as part of their annual survey. Single Occupancy Discount fraud accounted for £28.9m of loss nationally due to fraud in 2019/20 according to the survey.</p> <p>Depending on the scheme, there are several ways in which fraud can occur. These include applicants providing false information and recipients failing to notify the Council when they no longer qualify or their circumstances change.</p> <p>Revenue from Council Tax is a key income stream. Fraud in this area threatens this source of funding.</p>	<p>The Council employs a number of methods to help ensure only valid applications are accepted. This includes requiring relevant information on applications forms and visits to properties (where necessary).</p> <p>Controls including separation of duties between collection and administration, restriction of access to records and management oversight of action such as recovery suppressions help prevent internal fraud and error.</p> <p>Messages reminding residents to update their circumstances when necessary appear on annual Council Tax bills issued by the Council.</p> <p>The Council routinely takes part in the National Fraud Initiative (NFI). In addition, the Council conducts periodic Single Person Discount reviews.</p>	High	<p>The relevant service managers will raise fraud awareness with staff in Benefits, Revenues and Customer Services teams about frauds affecting Council Tax and Business Rates. Dedicated training will be provided to key staff where appropriate. <b>Action (Director for Resources – September 2022)</b></p> <p>Corporate communications will be provided to help embed the Council's zero tolerance for fraud, supported from the top of the organisation by the Corporate Leadership Team (CLT). <b>Action (CLT – June 2022)</b></p> <p>There is a <a href="#">dedicated page on the Council's website</a> for people to confidentially report suspected benefit fraud.</p>
Council Tax Support Fraud	Council Tax Support is a Council funded reduction in liability introduced in 2013 to replace Council Tax Benefit. Unlike its predecessor,	The Council undertakes eligibility checks on those who apply for Council Tax Support. There are established lines of communication with the Department	High	Fraud concerns are reported to the DWP counter fraud team who determine if criminal investigation is required.

## Appendix C

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
Page 172	<p>Council Tax Support is resourced entirely through District Council funds.</p> <p>Frauds in this area can involve applicants failing to declare their total assets, correct household composition or household income. Those receiving support are also obligated to notify relevant authorities when they have a relevant change in circumstances that may affect their entitlement to support.</p> <p>Covid-19 has resulted in an increase nationally for benefits and support claims. These increased numbers raise the number of claims in which changes in circumstances may not be reported or false information could be presented to the Council.</p>	<p>for Work and Pensions (DWP) where claims for support are linked to externally funded benefits.</p> <p>The Council is able to report Housing Benefit and other benefit frauds to the Department for Work and Pensions but this does not necessarily allow the Council control over resolving false claims for Council Tax Support.</p>	High	<p>The Council does not currently have its own dedicated fraud resource. This position will be consider by CLT/GRAC/Cabinet as part of the risk assessment process. <b>Action (CLT/GRAC/ Cabinet – May 2022)</b></p> <p>Staff communications will be used to raise awareness with staff supported by high level training for all staff and more dedicated training for staff in key service areas. <b>Action (Communications Manager – June 2022)</b></p>
	<p>Covid-19 Grants</p> <p>In response to the Covid-19 pandemic, central government made funding available for local businesses. The Council has administered a number of schemes throughout 2020/21 and 2021/22; some were linked to business rates liabilities while others were to assist those outside this scope. The Council responded at pace to support local</p>	<p>The Council made over 31,000 payments with a total value of almost £130m for the Government's Small Business Grant Fund, Retail, Hospitality and Leisure Grant Fund, and Local Authority Discretionary Grant Fund. Checks by Council officers were made into each application to make sure they met the criteria set by Government and that</p>		<p>Any instances where an applicant provided false information to the Council are investigated. Where appropriate, criminal investigations can take place. The Department for Business, Energy &amp; Industrial Strategy has stated that councils should conduct investigations</p>



## Appendix C

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
<p>Page 173</p>	<p>businesses. New processes for managing applications and paying grants had to be developed quickly.</p> <p>In addition, schemes were introduced to aid residents unable to work due to self-isolation requirements and support families with children or vulnerable adults.</p> <p>These schemes have all been subject to attempted fraud at a local, national and international level due to the significant funds available (up to £25k per application).</p> <p>While funding is provided by central government, the Council is charged with the responsibility of identifying genuine applicants and investigating and recovering incorrect payments. The Council therefore needs to show that suitable assurance and recovery actions have taken place.</p>	<p>payments were being made to the correct people. Applications for ongoing business and resident support schemes continue to be carefully assessed before payment.</p> <p>The Council provides monthly updates on payments made, fraud/error identified and the status of any recovery work to the Department for Business, Energy &amp; Industrial Strategy.</p>		<p>where they have resources available.</p> <p>If the Council is targeted by a national fraud, this is reported to the National Investigation Service (NATIS) via the CFT. The team will continue to liaise with external agencies as required.</p> <p>The Council are involved in undertaking post-payment assurance exercises across the various schemes and will continue to support post assurance work as required.</p>

## Appendix C

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
<p>Energy bills rebate</p> <p>Page 174</p>	<p>Due to the increasing cost of living crisis and pressure on household incomes, the Government introduced a £150 'rebate' towards energy costs to be paid through the Council Tax system. The focus is on property bands between A – D, all of whom will receive a payment of £150, with a locally based discretionary scheme for properties in higher bands.</p> <p>Councils should be aware of the risk of mandate fraud and may want to exercise particular caution where direct debit details have been changed or newly provided since the scheme was announced on 3 February 2022.</p> <p>Potential fraud risks include people providing false evidence to gain access to the Council Tax Rebate or Discretionary Fund</p>	<p>The Council has implemented a piece of software from Ascendant which makes live checks between registered Council Tax payers and banking details before producing a live file for payment. Any residents that don't automatically match are then investigated to establish the reasons for any errors.</p>	<p>High</p>	<p>It has been recommended that councils take additional steps before payment to prevent erroneous payments and the need for clawback. This includes waiting to make payment until after the first direct debit Council Tax payment for 2022-23 has been taken on the given live instruction which the Council has followed.</p>

## Appendix C

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
<p>Creditor Fraud</p>	<p>A range of frauds can be committed against the Council as a result of publically available creditor payments data. Criminals undertaking these types of fraud are often found to be operating from overseas.</p> <p>The most common issue is mandate fraud where fraudsters impersonate legitimate suppliers and attempt to divert payments by requesting changes in banking details. Other types of fraud in this area include whaling, where senior members of the Council are targeted and impersonated in order to obtain fraudulent payments.</p> <p>With increased remote working due to Covid-19, there are increased opportunities for fraudsters to impersonate budget holders or suppliers in electronic communications, to divert funds</p>	<p>The Council has a number of controls in place to identify fraudulent attempts to divert payments from genuine suppliers and to validate any requests to change supplier details. This includes contacting companies to confirm that any requested change of bank account details for payments is genuine.</p> <p>Segregation of duties exist between the ordering, invoicing and payment processes.</p>	<p>High</p>	<p>This area of potential fraud will be included as part of the staff fraud awareness programme with dedicated training provided to key staff. <b>Action (HR Team to arrange training – June 2022)</b></p> <p>Increased awareness provides a greater chance of stopping fraudulent attempts before losses occur.</p> <p>All instances of whaling fraud logged will be reported to the police's Action Fraud Unit, National Cyber Security Centre and directly to internet service provider from which the false emails originated.</p>

## Appendix C

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
Cybercrime	<p>Cybercrime is a constantly evolving area. Criminals are continually refining their techniques in order to overcome controls put in place to protect organisations.</p> <p>Types of cybercrime experienced by local authorities in recent years include ransomware, phishing, whaling, hacking, and denial of service attacks. Attacks can lead to loss of funds, loss and theft of data, and access to systems being compromised.</p> <p>Councils hold a range of data on residents which can be attractive to criminals.</p>	The Council has a highly skilled ICT department which helps mitigate the threat of cybercrime.	High	<p>Raising awareness with staff can be crucial in helping to prevent successful cyberattacks. Any counter fraud training delivered will reinforce anti-cybercrime messages to members of staff.</p> <p><b>Action (HR Team to arrange training – June 2022)</b></p> <p>All instances of cybercrime and related fraud will be reported to the police's Action Fraud Unit and the National Cyber Security Centre.</p>

## Appendix C

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
Procurement Fraud	<p>Procurement fraud has been perceived as a high risk by local authorities in the CIPFA fraud tracker for a number of years.</p> <p>Procurement fraud, by its nature, is difficult to detect but can result in large scale loss of public funds over long periods of time. The Competition and Markets Authority estimates that having a cartel within a supply chain can raise prices by 30% or more.</p> <p>CIPFA reported losses of £20.3 million nationally in 2018/19 for local authorities, due to procurement fraud. It found that 12% of fraud detected in this area involved 'insider fraud' and 5% involved organised crime.</p>	<p>The Council has established Contract Procedure Rules and a Procurement Strategy, both of which are regularly reviewed.</p> <p>The Council's Procurement Officer provides guidance and advice to ensure that procurement processes are carried out correctly.</p> <p>A tendering and evaluation framework is in operation to help prevent fraud. It also sets out the requirements for declarations of interest to be made.</p> <p>Contract monitoring is implemented to help detect and deter fraud.</p> <p>The Council's contracts and contract procedures are the subject of both internal and external audit scrutiny.</p>	High	<p>Continued vigilance by relevant staff is key to identifying and tackling procurement fraud. This will be covered as part of the training package provided by the Council to raise awareness of fraud risks in this area.</p> <p>The Internal Audit team monitor guidance on fraud detection issued by the Competition and Markets Authority and other relevant bodies.</p>

## Appendix C

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
<div>Page 178</div> Theft of Assets	<p>The theft of assets can cause financial loss and reputational damage. It can also negatively impact on employee morale and disrupt the delivery of services. The Council owns large numbers of physical items, such as IT equipment, vehicles and tools.</p> <p>Reduction of staff at Council premises as a result of the Covid-19 outbreak and New Ways of Working policy could leave equipment at heightened risk of theft. Unauthorised access to buildings may not face the same level of visibility or challenge as would be the case in normal conditions.</p>	<p>Specific registers of physical assets (e.g. capital items, property and ICT equipment) are maintained. In addition, there are registers for information assets held by the Council.</p> <p>The Council's Whistleblowing arrangements provide an outlet for reporting concerns of theft.</p>	High	<p>Members of staff should also be vigilant and report all possible thefts promptly to the police.</p> <p>The Council's Whistleblowing Policy is communicated and shared with staff.</p> <p>Managers should ensure all Council equipment is returned by employees leaving the authority.</p>
Internal Fraud	<p>There are a range of potential employee frauds including falsifying timesheets and expense claims, abusing flexitime or annual leave systems, undertaking alternative work while sick, or working for a third party on Council time. Some staff have access to equipment and material that may be misused for private purposes.</p>	<p>The Council has an established Whistleblowing Policy through which concerns can be raised.</p> <p>Controls are in place surrounding flexitime, annual leave and sickness absence.</p> <p>Participation in the National Fraud Initiative helps the Council identify potential cases of internal fraud.</p>	Medium	<p>Internal Audit ensure that appropriate checks and balances are in place to help prevent this type of fraud.</p>

## Appendix C

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	<p>Payroll related fraud can involve the setting up of 'ghost' employees in order to divert salary payments to others.</p> <p>Corruption and bribery is a significant risk to all public sector organisations, however, only low levels have ever been detected.</p>	Managers are required to undertake a monthly review of the staff payroll within their service area to help protect against the inclusion of 'ghost' employees.		
Recruitment Fraud Page 179	Recruitment fraud can affect all organisations. Applicants can provide false or misleading information in order to gain employment such as bogus employment history and qualifications or providing false identification documents to demonstrate the right to work in the UK.	The Council has controls in place which include verification of qualifications and reviewing references to help mitigate against the risk of fraud in this area.	Medium	Where there is a suspicion that someone has provided false information to gain employment, the HR team will be consulted on possible criminal action in addition to any disciplinary action that may be taken.
Fraudulent Insurance Claims	The Council may receive exaggerated or fabricated insurance claims. CIPFA report that in 2019 the average value of a fraudulent claim against local authorities was over £39.5k.	While insurance fraud is common, the burden of risk is currently shouldered by the Council's insurers who have established fraud investigation systems.	Low	n/a
Treasury Management	The impact of losses in this area could be significant. There are no recorded frauds within the Council.	Treasury Management systems are well controlled and no fraud has been detected in this area.	Low	Internal audit undertake periodic reviews of the controls in this area.

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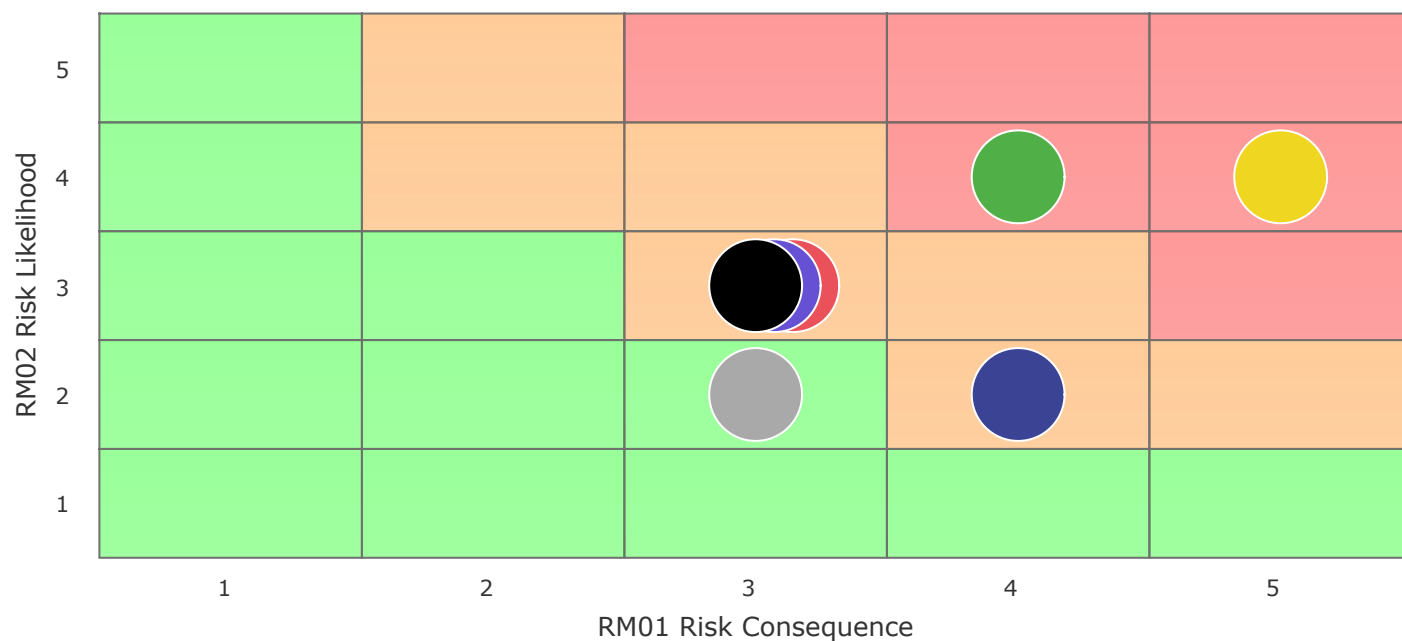
## Corporate Risk Register

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# Corporate Risk Register

## Strategic Risk Matrix



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- 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) – June 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 update starting 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) were approved by Full Council on 23 February 2022 including the final ratification and agreement of council tax levels.

The Bank of England base rate was increased from 0.75% to 1% on 5 May and the impact of these changes on the Council's investment returns will be assessed.

**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.

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 trialling 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 strong at the current time.

**Operational (SR002)** – The Council continues to monitor progress against its Covid Recovery Plan, visitor numbers decreased significantly over the winter period and following the Council's very successful management of visitors during an incredibly busy summer season in 2021, still managed to have some of the lowest infection rates nationally. Infection rates are currently below average and vaccination rates well above average. As at 31 May 2022 the 7-day total of cases per 100,000 people was 52.3. Staffing levels are monitored regularly and sickness absence rates are low compared to national averages and are below our target for 2021/22.

**Strategic (SR004)** – Following the publication of the Government's Levelling Up White Paper in early February discussions have taken place between partners in Norfolk and DLUHC about the powers, functions and finances which might be made available to the County in any County Deal developed and agreed over the period to October 2022. A key issue for North Norfolk in any County Deal agreed will be to ensure that the needs of our rural district are appropriately considered and hopefully met.

During April the Government announced district based allocations under the UK Shared Prosperity Fund with North Norfolk receiving £150,000 in 2022/23; £300,000 in 2023/24 and £787,000 in 2024/25. The Council is required to produce an investment strategy stating how it will use these funds for submission to Government by the 1 August 2022 and a workshop is being arranged for Members to contribute to the strategy. The Council has also agreed to submit two applications under Round 2 of the Levelling Up Fund by 6 July 2022 and will identify the opportunities and risk associated with growth bids as part of the submission.

**Environmental & Social (SR005)** – The Council has a new Environmental Charter in place and approved the Net Zero Strategy and accompanying Climate Action Plan at Full Council on 23 February 2022. The strategy identifies how we will meet our aspiration of achieving net-zero carbon emissions by 2030. Progress delivering the goals of the strategy and the action plan will be reported to Cabinet every six months.

**Environmental & Social (SR005)** – The Council has a new Environmental Charter in place and approved the Net Zero Strategy and accompanying Climate Action Plan at Full Council on 23 February 2022. The strategy identifies how we will meet our aspiration of achieving net-zero carbon emissions by 2030. Progress delivering the goals of the strategy and the action plan will be reported to Cabinet every six months.

**Reputation (SR007)** – On 3 February 2022 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). As at 26 May 2022 NNDC had paid out 36,239 Council Tax Energy Rebate payments, representing 88.3% of eligible properties.

The Council received its annual audit results report letter for 2019/20 from external auditors Ernst & Young in February 2022. The report contained a number of recommendations to strengthen the Council's governance arrangements and these were addressed in full in a management response, discussed and agreed by GRAC at its meeting on 30 March 2022.

**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 contractor 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.

Phase 1 North Walsham town centre Place Making public realm improvement construction works commenced as planned in February 2022 at Church Approach (Shambles). Good progress is being made.

Cedars Grade II listed building contractors have been appointed and commenced work in February.

Building Improvement Grants scheme - 25 Expressions of interest received from property owners and lease holders. Three grant applications approved by Historic England. Work already commenced on site on two buildings carrying out repairs, reinstating architectural features and bringing vacant floor space back into use.

A number of arts and cultural activities are being planned and delivered by the Cultural Consortium over the next few months.

Additional uplift funding was secured from Historic England (HE) in March 2022. This additional funding and the year 2 budgeted HE funding was defrayed before year end. The New Anglia LEP agreed a capital transfer swap to secure remaining LEP funding to be spent in year 3 2022-23.

### **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 related to the delayed Fair Funding Review and business rate reform. 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 Corporate Risk Register has been updated as at 31 May 2022 and will be presented to the next meeting of GRAC scheduled for 14 June 2022.

## Risk scoring key

### Corporate Risks

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

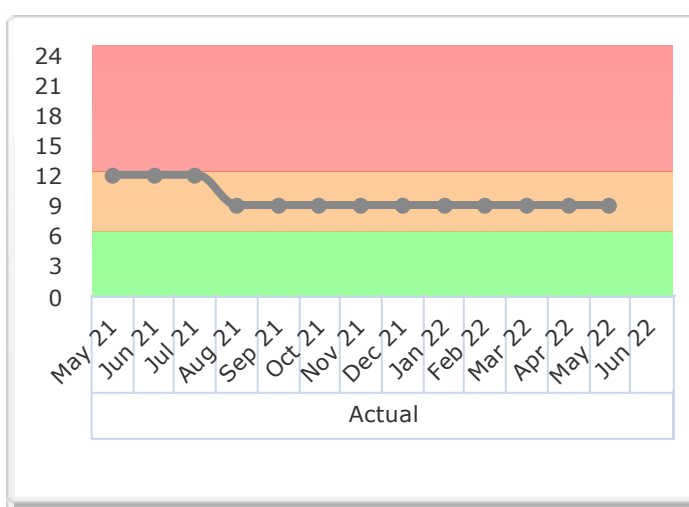
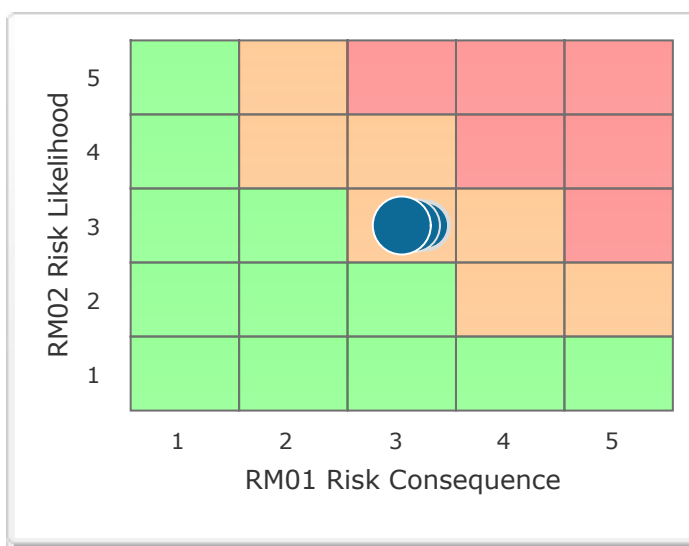
<b>Impact Type</b>	<b>Catastrophic 5</b>	<b>Critical 4</b>	<b>Moderate 3</b>	<b>Marginal 2</b>	<b>Negligible 1</b>
<b>Objectives</b>	The key objectives in the Corporate Plan will not be achieved.	One or more Key Objectives in the Corporate Plan will not be achieved.	Significant impact on the success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

Likelihood ratings and dimensions are tabled below:

<b>Grade</b>	<b>Likelihood</b>	<b>Probability</b>	<b>Timing</b>
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><b>FINANCIAL:</b> related to the financial position and investment of the Council's assets and cash flow, market volatility, currency etc.</p> <p><b>Credit and Counterparty:</b> 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"> <li>■ A Financial</li> <li>■ C Credit and counterparty</li> </ul>
Risk Response	Treat



## Latest Update


31/05/2022		
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) were approved by Full Council on 23 February 2022 including the final ratification and agreement of council tax levels.</p> <p>The Bank of England base rate was increased from 0.75% to 1% on 5 May and the impact of these changes on the Council's investment returns will be assessed.</p>



		31/05/2022
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

31/05/2022		
CR 015 Medium Term Financial Plan : Status	Score	12.00
	Target	4.00
	Performance	
	Direction of change	➔
	Comments	

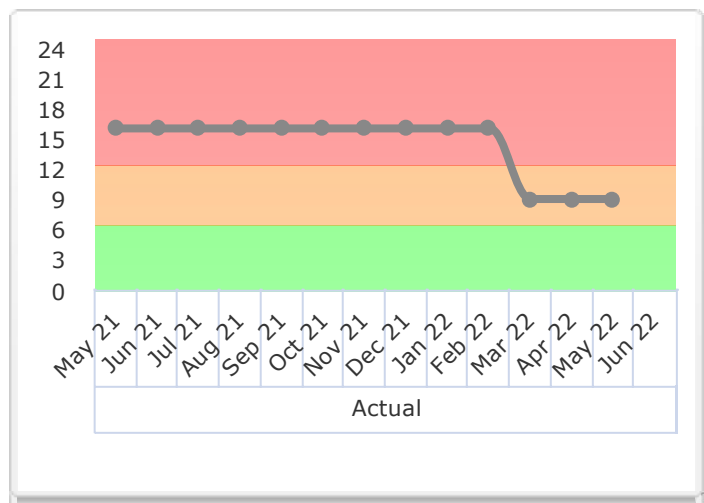
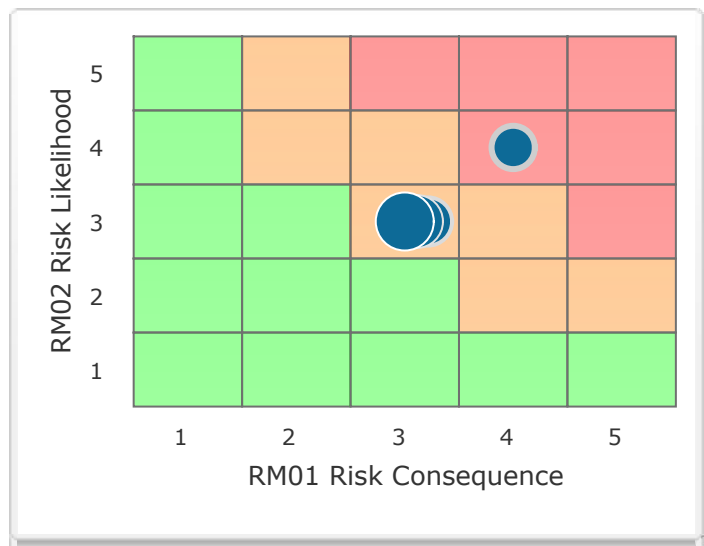
### Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Mar 22
<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"/> Medium Term Financial Strategy	Duncan Ellis	✓
<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		Mar 22
<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


31/05/2022		
SR 002 Operational : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	<p>The Council continues to monitor progress against its Covid Recovery Plan, visitor numbers decreased significantly over the winter period and following the Council's very successful management of visitors during an incredibly busy summer season in 2021, still managed to have some of the lowest infection rates nationally. Infection rates are currently below average and vaccination rates well above average. As at 31 May 2022 the 7-day total of cases per 100,000 people was 52.3. Staffing levels are monitored regularly and sickness absence rates are low compared to national averages and are below our target for 2021/22.</p>

		31/05/2022
SR 002 Operational : RM01 Risk Consequence	Score	3
	Target	2
	Direction of change	➡
SR 002 Operational : RM02 Risk Likelihood	Score	3
	Target	2
	Direction of change	➡



## Associated Corporate Risks

31/05/2022		
CR 001 Deteriorating/ underused property assets : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➡
	Comments	The Asset management plan is in place. Additional resource is now available to ensure the Council meets its legislative and industry best practice obligations and duties in respect of the management of Council owned assets. Resource is available to the R&M Team in Property Services have increase and a senior post has been filled to allow improved coordination of maintenance activity..
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	
CR 009 Poor Procurement : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➡
	Comments	This risk has lessened as a result of more robust management and monitoring of procurement processes, particularly focused around the the procurement exemption routes, were implemented. The Council has a Procurement officer who is having significantly increased involvement with procurement processes at an earlier stage.
CR 013 Emergency event : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	➡
	Comments	
CR 024 People Resources : Status	Score	4.00
	Target	4.00
	Performance	★
	Direction of change	➡
	Comments	

		31/05/2022
CR 025 Contract failure : Status	Score	12.00
	Target	4.00
	Performance	
	Direction of change	→
	Comments	The position in terms of the global construction sector in particular means that contracts are at greater risk of significant delay and budget pressures although the Council is doing all it can to mitigate this such as buying materials at the start of the project and contingency provision. The risk of fundamental business failure in our significant contracts is reducing due to the the stabilising economic position post Covid-19. The local availability of specialist trades and resources and supply chain issues still remain. The Council has robust management arrangements for all contracts and for the monitoring and evaluation of progress.



## Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Mar 22
<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	✓
<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	✓

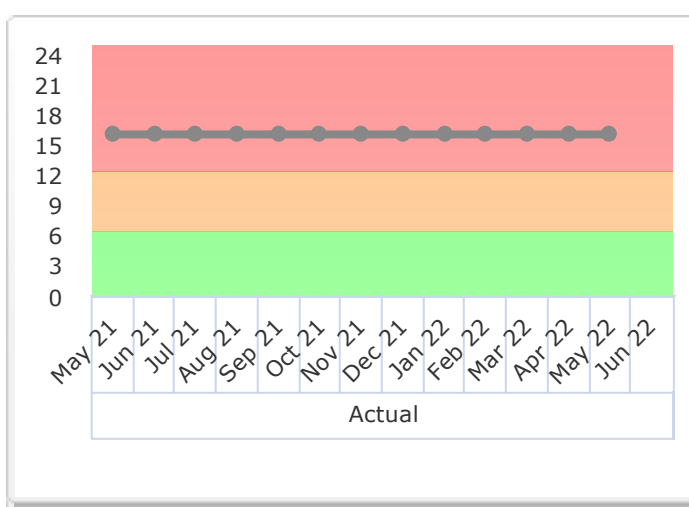
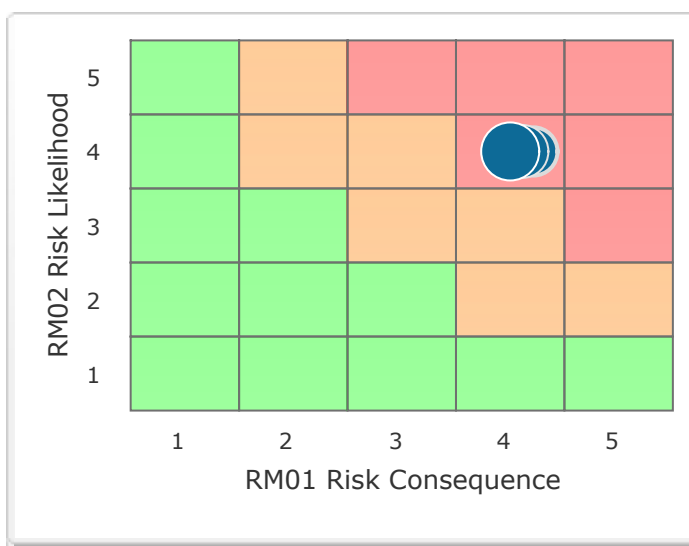
	Responsible	Mar 22
<input checked="" type="checkbox"/> Regular audits of IT security arrangements	Sean Kelly	✓
<input checked="" type="checkbox"/> Advice for external suppliers	Duncan Ellis	✓
<input checked="" type="checkbox"/> Joint procurement protocol and opportunities for joint/shared procurement 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"/> CC 001 Consideration of COVID-19 implications	Alison Sayer	✓
<input checked="" type="checkbox"/> Complete critical services' Business Continuity Plans (BCP)	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		Mar 22
<input checked="" type="checkbox"/> Review and update of Web Strategy	Cancelled	Sean Kelly	Performance	
			Comments	~
<input checked="" type="checkbox"/> CC 002 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><b>MACROECONOMIC:</b> 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



31/05/2022		
SR 003 Macroeconomic : Status	Score	16.00
	Target	12.00
	Performance	▲
	Direction of change	→
	Comments	<p>There is growing public concern about the rising cost of living, particularly in respect of energy and food costs which is resulting in increased numbers of households approaching the Council, local charities and food banks for support. In response the Council has already paid the Governments £150 energy rebate scheme to 88.3% of eligible households, about to approve a Council Tax Energy Rebate (Discretionary) Scheme and a new Discretionary Hardship and Support Grant (Cabinet 6 June 2022).</p> <p>The Council will monitor Council Tax and Business Rates collection rates to assess the impact of rising cost inflation on both residents and businesses.</p>



		31/05/2022
SR 003 Macroeconomic : RM01 Risk Consequence	Score	4
	Target	3
	Direction of change	➡
SR 003 Macroeconomic : RM02 Risk Likelihood	Score	4
	Target	4
	Direction of change	➡


















## Associated Corporate Risks

		31/05/2022
CR 026 Impact of economic fluctuations on the North Norfolk economy : Status	Score	15.00
	Target	4.00
	Performance	
	Direction of change	
	Comments	



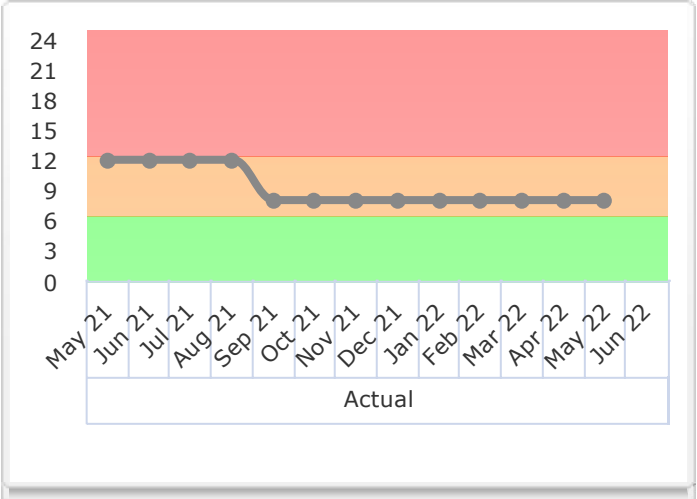
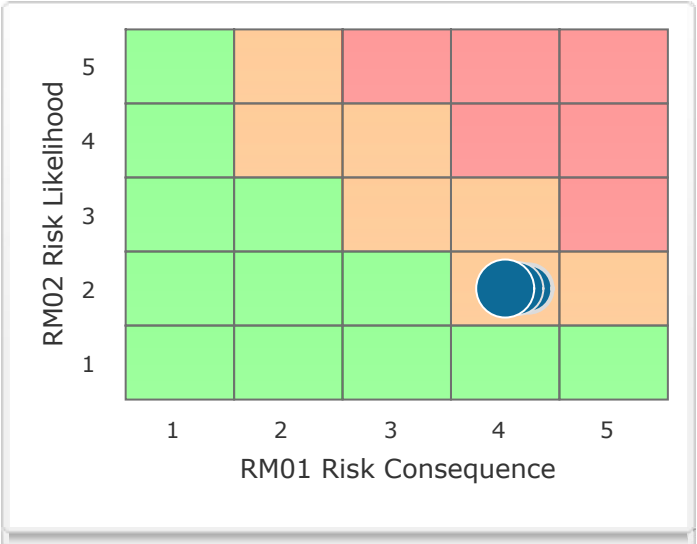
## Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Mar 22
 Business Survey	Stuart Quick	
 Corporate Planning / Service Planning	Helen Thomas	
 Fund Management advice from Arlingclose	Lucy Hume	
 HS 003 - Monitor the need for temporary accommodation and ensure suitable provision	Graham Connolly	
 Medium Term Financial Strategy	Duncan Ellis	
 Operation of the Council Tax Hardship Fund	Trudi Grant	
 Treasury Management Strategy	Lucy Hume	


Outstanding				
	Stage	Responsible		Mar 22
 2.2.1 Economic Growth Strategy (2020 - 2023)	In Progress	Stuart Quick	Performance	
			Comments	~

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

		31/05/2022
SR 004 Strategic : Status	Score	8.00
	Target	4.00
	Performance	
	Direction of change	➔
	Comments	<p>Following the publication of the Government's Levelling Up White Paper in early February discussions have taken place between partners in Norfolk and DLUHC about the powers, functions and finances which might be made available to the County in any County Deal developed and agreed over the period to October 2022. A key issue for North Norfolk in any County Deal agreed will be to ensure that the needs of our rural district are appropriately considered and hopefully met. During April the Government announced district based allocations under the UK Shared Prosperity Fund with North Norfolk receiving £150,000 in 2022/23; £300,000 in 2023/24 and £787,000 in 2024/25. The Council is required to produce an investment strategy stating how it will use these funds for submission to Government by the 1 August 2022 and a workshop is being arranged for Members to contribute to the strategy. The Council has also agreed to submit two applications under Round 2 of the Levelling Up Fund by 6 July 2022 and will identify the opportunities and risk associated with growth bids as part of the submission.</p>

		31/05/2022
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

31/05/2022		
CR 027 Strategic financial and performance management : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	

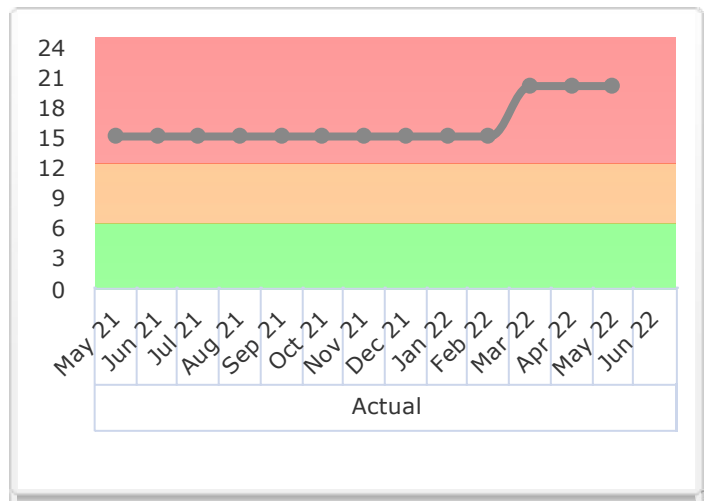
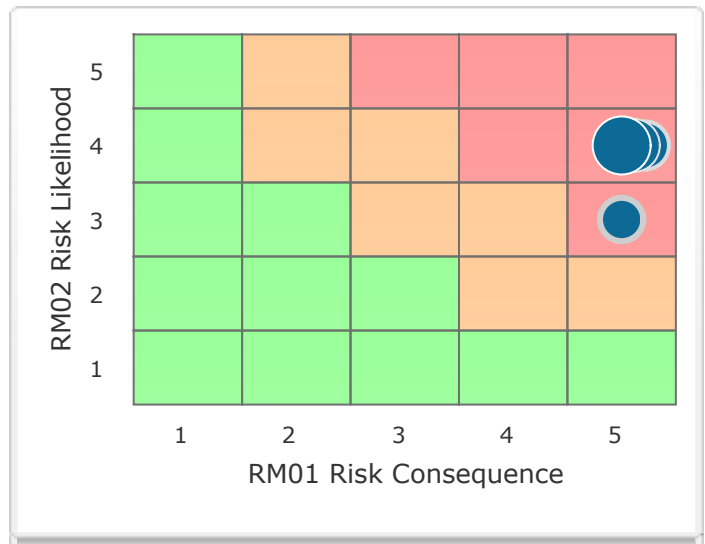
## Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Mar 22
<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"/> Medium Term Financial Strategy	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		Mar 22
<input checked="" type="checkbox"/> Emerging Local Plan	In Progress	Mark Ashwell	Performance	●
			Comments	Regulation 19 consultation completed. Independent examination likely by autumn 2022 subject to resolution of current issues relating to water pollution (nutrient neutrality). The remaining stages of Local Plan production and adoption will need to be completed before the approved policies are implemented.

## SR 005 Environmental and Social

Responsibility	Resources
Risk Description	<p><b>ENVIRONMENTAL AND SOCIAL:</b> 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

		31/05/2022
SR 005 Environment & Social : Status	Score	20.00
	Target	4.00
	Performance	▲
	Direction of change	➡
	Comments	<p>The Council has a new Environmental Charter in place and approved the Net Zero Strategy and accompanying Climate Action Plan at Full Council on 23 February 2022. The strategy identifies how we will meet our aspiration of achieving net-zero carbon emissions by 2030. Progress delivering the goals of the strategy and the action plan will be reported to Cabinet every six months.</p> <p>On 16 March 2022 councils in Norfolk, including NNDC, received a letter from Natural England, advising of concerns around new development impacting negatively on water quality in the Wensum and Bure/ Broads river catchments referred to as Nutrient Neutrality. This will have a significant impact on the local construction industry, rates of housing growth and 5 year housing land supply issues. Local authorities had no advanced notice of Natural England's position and are working collaboratively through the Duty to Cooperate Framework to develop a shared response to this challenging issue.</p>

		31/05/2022
SR 005 Environment & Social : RM01 Risk Consequence	Score	5
	Target	2
	Direction of change	➡
SR 005 Environment & Social : RM02 Risk Likelihood	Score	4
	Target	2
	Direction of change	➡

## Associated Corporate Risks

31/05/2022		
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	9.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	

## Control, Contingency & Mitigating Actions

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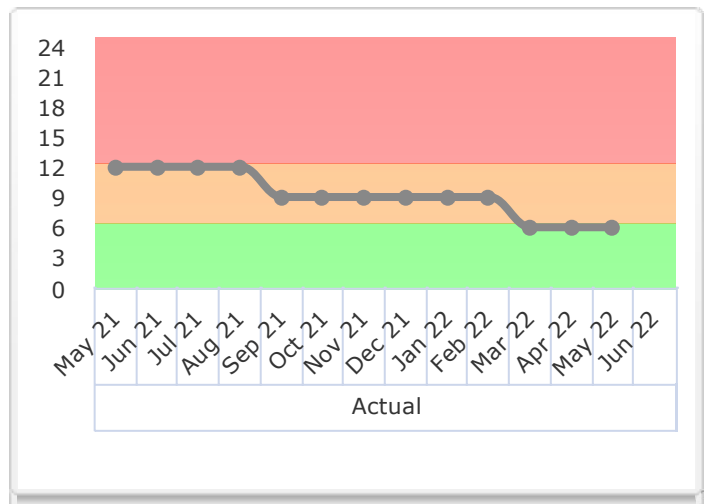
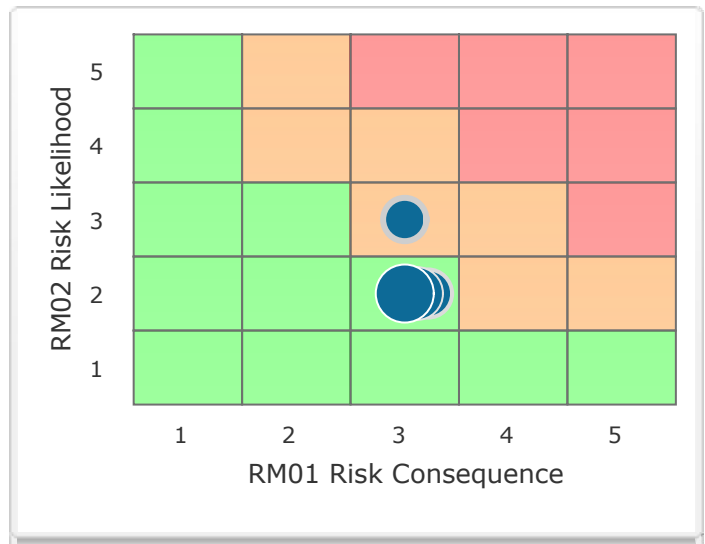


Implemented		
	Responsible	Mar 22
<input checked="" type="checkbox"/> 4.3.1 Baseline carbon audit and carbon reduction action plan	Robert Young	★
<input checked="" type="checkbox"/> Bacton and Walcott coastal management scheme	Rob Goodliffe	✓
<input checked="" type="checkbox"/> Coastal Monitoring	Rob 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		Mar 22
<input checked="" type="checkbox"/> CM 002 Refurbish coastal defences at Mundesley	In Progress	Tamzen Pope	Performance	●
			Comments	Mundesley detailed design progress has been delayed due to MMO consultation issues. Now due to be completed in June 2022. Report to be shared with delegated authorities to proceed into the pre-construction phase with Balfour Beatty using the SCAPE framework. Project is being developed and will be delivered in conjunction with the Cromer Phase 2 scheme to maximise efficiencies.
<input checked="" type="checkbox"/> CM 016 10 year capital programme	In Progress	Tamzen Pope	Performance	★
			Comments	10 year capital programme has been drafted. Programme has been developed utilising the SCAPE framework for a number of schemes including Cromer and Mundesley as well as initial investigations for Beeston Bump, Sheringham and Overstrand
<input checked="" type="checkbox"/> 1.3.1 Develop a business case for a housing company	Cancelled	Nicky Debbage	Performance	
			Comments	~
<input checked="" type="checkbox"/> HO 007d Production of SLA	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

31/05/2022		
SR 006 Governance : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	The Council received its annual audit results report letter for 2019/20 from external auditors Ernst & Young in February 2022. The report contained a number of recommendations to strengthen the Council's governance arrangements and these were addressed in full in a management response, discussed and agreed by GRAC at its meeting on 30 March 2022.

		31/05/2022
SR 006 Governance : RM01 Risk Consequence	Score	3
	Target	2
	Direction of change	➡
SR 006 Governance : RM02 Risk Likelihood	Score	2
	Target	2
	Direction of change	➡

## Associated Corporate Risks

31/05/2022		
CR 028 Governance failures : Status	Score	9.00
	Target	4.00
	Performance	
	Direction of change	➔
	Comments	The Council received its annual audit results report letter for 2019/20 from external auditors Ernst & Young in February 2022. The report contained a number of recommendations to strengthen the Council's governance arrangements and these were addressed in full in a management response, discussed and agreed by GRAC at its meeting on 30 March 2022. Presently there is no Section 151 officer at the Council following the departure of the previous post holder. Such position is required under section 151 of the Local Government Act 1972 and must be an officer that is suitably qualified. In the absence of such, the Council is endeavouring to address the position and looking to urgently appoint an interim section 151 officer. Recruitment is currently being progressed for a permanent replacement..

## Control, Contingency & Mitigating Actions

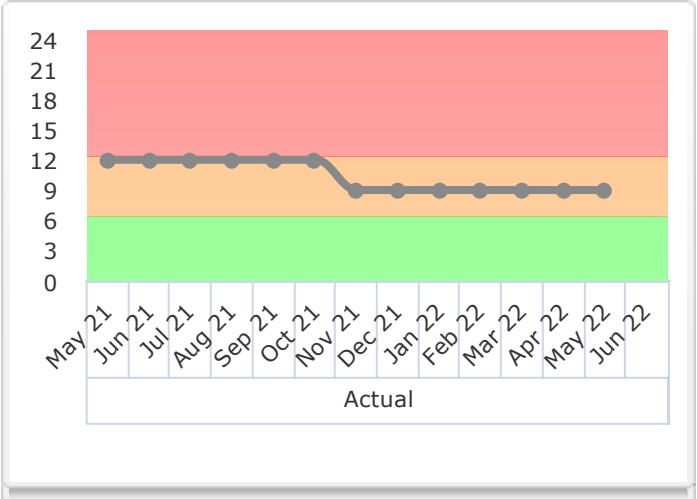
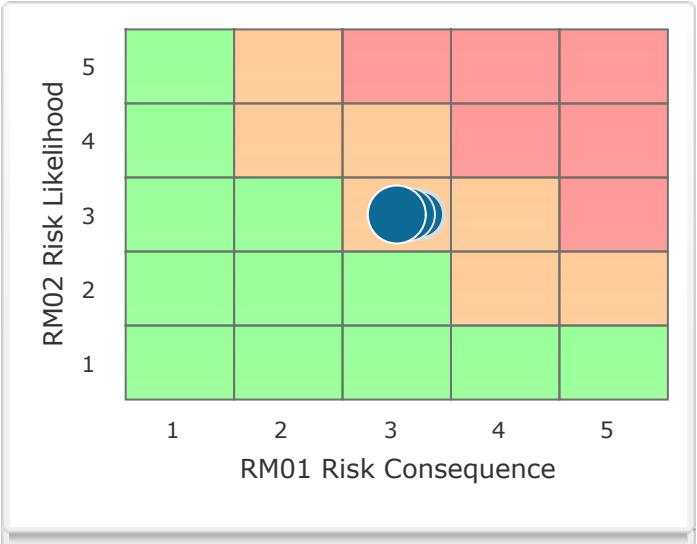
Implemented		
	Responsible	Mar 22
<input checked="" type="checkbox"/> Annual Assurance Statements	Duncan Ellis	✓
<input checked="" type="checkbox"/> Annual Audit Report	Lucy Hume	✓
<input checked="" type="checkbox"/> Annual Governance Statement 2019/20 supported by assurance framework	Duncan Ellis	✓
<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"/> Clear robust corporate governance framework	Renata	✓
<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 Overview and Scrutiny Committee	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


This report does not contain any data

SR 007 Reputation

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



Latest Update

		31/05/2022
SR 007 Reputation : 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 contractor 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>Phase 1 North Walsham town centre Place Making public realm improvement construction works commenced as planned in February 2022 at Church Approach (Shambles). Good progress is being made.</p> <p>Cedars Grade II listed building contractors have been appointed and commenced work in February. Building Improvement Grants scheme - 25 Expressions of interest received from property owners and lease holders. Three grant applications approved by Historic England. Work already commenced on site on two buildings carrying out repairs, reinstating architectural features and bringing vacant floor space back into use.</p> <p>A number of arts and cultural activities are being planned and delivered by the Cultural Consortium over the next few months.</p> <p>Additional uplift funding was secured from Historic England (HE) in March 2022. This additional funding and the year 2 budgeted HE funding was defrayed before year end. The New Anglia LEP agreed a capital transfer swap to secure remaining LEP funding to be spent in year 3 2022-23.</p>

		31/05/2022
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

31/05/2022		
CR 029 Poor reputation of the Council in the Community : Status	Score	4.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	As there is a strategic level risk regarding the reputation of the Council there is no need for this additional risk regarding our reputation in the community. The recommendation is therefore that this risk is closed.

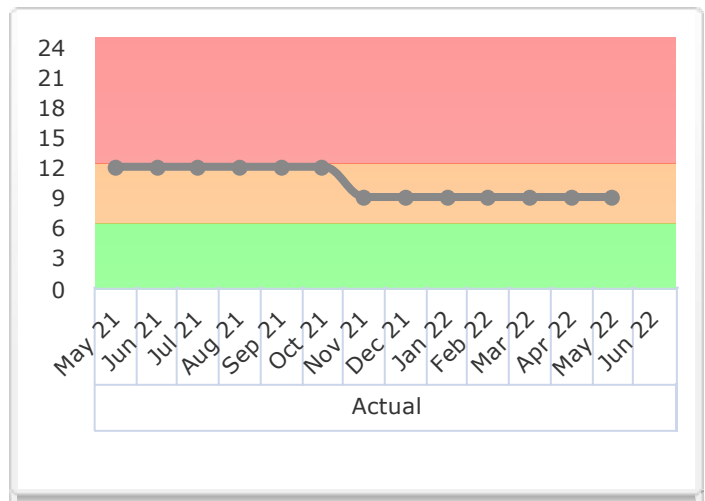
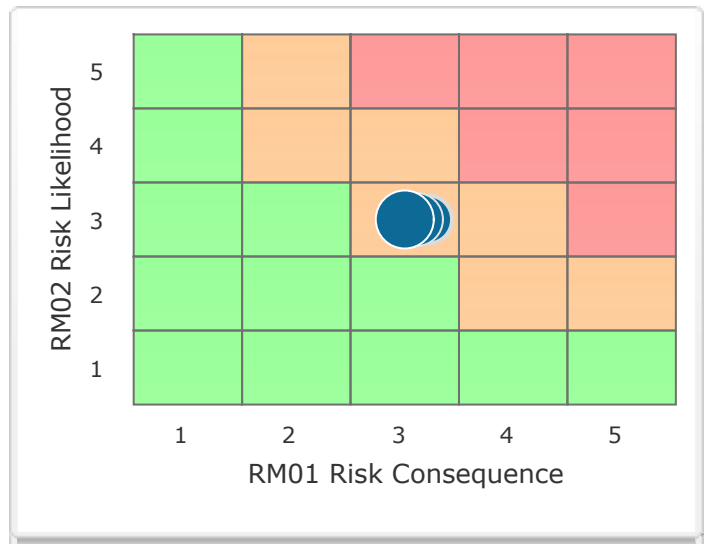
## Control, Contingency & Mitigating Actions

Implemented			
		Responsible	Mar 22
<input checked="" type="checkbox"/>	3.1.2 Review and refine our Customer Strategy	Stuart Harber	✓
<input checked="" type="checkbox"/>	Clear robust corporate governance framework	Renata Garfoot	✓
<input checked="" type="checkbox"/>	Develop and Implement a Communications Strategy	Joe Ferrari	✓


Outstanding				
	Stage	Responsible		Mar 22
<input checked="" type="checkbox"/>	Review and update of Web Strategy	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

		31/05/2022
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 contractor 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>Phase 1 North Walsham town centre Place Making public realm improvement construction works commenced as planned in February 2022 at Church Approach (Shambles). Good progress is being made.</p> <p>Cedars Grade II listed building contractors have been appointed and commenced work in February. Building Improvement Grants scheme - 25 Expressions of interest received from property owners and lease holders. Three grant applications approved by Historic England. Work already commenced on site on two buildings carrying out repairs, reinstating architectural features and bringing vacant floor space back into use.</p> <p>A number of arts and cultural activities are being planned and delivered by the Cultural Consortium over the next few months.</p> <p>Additional uplift funding was secured from Historic England (HE) in March 2022. This additional funding and the year 2 budgeted HE funding was defrayed before year end. The New Anglia LEP agreed a capital transfer swap to secure remaining LEP funding to be spent in year 3 2022-23.</p>

		31/05/2022
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

31/05/2022		
CR 030 Sheringham Leisure Centre : Status	Score	4.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	

## Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Mar 22
<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

## Exemptions granted from 15 February 2022 to 5 June 2022

Date	Contractor	Type of Work	Amount (rounded to nearest pound)	Exemption
9/3/22	Your Own Place	Delivery of bespoke training around tenancy sustainment, employability, life skills, mentoring and coaching	£36,000	For the supply of goods or services where there is only one supplier and no acceptable alternative
25/3/22	Obligations Office	Collation and import of historic s.106 data into Exacom	£17,193	(g) for the supply of good or services where there is only one supplier and no acceptable alternative
25/3/22	Idox Enterprise	Provision of Section 106 software to work with Idox Uniform	£66,688	(g) for the supply of good or services where there is only one supplier and no acceptable alternative
06/04/22	ALS Environmental Ltd	Laboratory testing of private water supplies	£20,305	(g) for the supply of good or services where there is only one supplier and no acceptable alternative
09/05/22	Royal Mail	Distribution of magazines	£26,272	(g) for the supply of good or services where there is only one supplier and no acceptable alternative
06/05/22	Hardscape Products Ltd	Purchase of NWHAZ stone Stone for Church Approach (Shambles area) and Market Place	£176,143	(g) for the supply of good or services where there is only one supplier and no acceptable alternative
11/05/22	Vertas	3 year Energy procurement and invoice management contract	£28,500	(g) for the supply of good or services where there is only one supplier and no acceptable alternative
24/5/22	FMG	Consultant Services to support Levelling up Fund 2 Bid.	£26,900	(m) That, in the view of the Monitoring Officer, the timescales involved with a traditional procurement process would disadvantage the Council.

### Notes

- The previous period reported to GRAC was for the period 11 November 2021 to 15 February 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 8<sup>th</sup> MARCH 2022 – OUTCOMES & ACTIONS LIST

MINUTE NO.	AGENDA ITEM AND ACTION	ACTION BY
57	PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY: 30 NOVEMBER 2021 TO 25 FEBRUARY 2022	
	RESOLVED  To note the internal audit progress within the period covered by the report.	GRAC
58	FOLLOW UP ON INTERNAL AUDIT RECOMMENDATIONS 30 NOVEMBER 2021 TO 25 FEBRUARY 2022	
	RESOLVED  To note the management action taken to date regarding the delivery of audit recommendations.	GRAC
59	STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2022/23	
	RESOLVED  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.	GRAC
60	GOVERNANCE, RISK AND AUDIT COMMITTEE SELF-ASSESSMENT	
	RESOLVED  Committee discussed the attached checklist at Appendix 1 and agreed which scoring criteria required amendment.	GRAC
61	CORPORATE RISK REGISTER	
	RESOLVED  To review and note the Corporate Risk Register.	GRAC
62	PROCUREMENT EXEMPTIONS REGISTER 12TH NOVEMBER 2021 TO 15TH FEBRUARY 2022	
	RESOLVED  To note the Procurement Exemptions Register.	GRAC

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## GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2022/2023

Date	Topic	Lead Officer	Comments	Cycle
<b>14<sup>th</sup> June 2022</b>				
	EY Annual Audit Letter 2019/20	External Audit – Mark Hodgson	TBC	Annual
	Counter-Fraud, Corruption and Bribery Policy Update	Assistant Director Finance, Assets and Legal – Cara Jordan	To review and approve the updated Policy	Tri-annual
	Progress report on Internal Audit Activity	Internal Audit – Faye Haywood		Quarterly
	Annual Report/Opinion & Review of the Effectiveness of Internal Audit	Internal Audit – Faye Haywood		Annual
	Procurement Exemptions Register	Monitoring Officer – Cara Jordan	To review Procurement Exemptions	Quarterly
	Corporate Risk Register	Assistant Director Finance, Assets and Legal – Cara Jordan	To review the corporate risk register	Quarterly
	AGS 21/22 & Local Code of Corporate Governance	Assistant Director Finance, Assets and Legal – Cara Jordan	Review & approve AGS & Local Code of Corporate Governance	Annual
<b>12<sup>th</sup> July 2022</b>	<b>TBC</b>			
	External Audit Plan 2020/21 TBC			
<b>27<sup>th</sup> Sept 2022</b>				
	Procurement Exemptions Register	Monitoring Officer – Cara Jordan	To review Procurement Exemptions	Quarterly
	Monitoring Officer's Report	Monitoring Officer – Cara Jordan		Annual
	Follow-up on Internal Audit Recommendations	Internal Audit – Faye Haywood	To include update on historical recommendations	Quarterly
	Progress Report on Internal Audit Activity	Internal Audit – Faye Haywood	To review progress on active internal audit recommendations	Quarterly
	Corporate Risk Register	Assistant Director Finance, Assets and Legal – Cara Jordan	To review the corporate risk register	Quarterly
	Draft Statement of Accounts 2021/22	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
	Risk Management Framework	Assistant Director Finance, Assets and Legal – Cara Jordan	To review the Council's risk management framework	Bi-Annual
	GRAC Annual Report 2021-22	Committee Officer – Matt Stembrowicz	To review Committee's work over the previous year	Annual
	External Audit Results report 2020/21 TBC			

## GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2022/2023

Date	Topic	Lead Officer	Comments	Cycle
<b>6<sup>th</sup> Dec 2022</b>				
	Corporate Risk Register	Director for Resources		Quarterly
	Progress Report on Internal Audit Activity	Internal Audit – Faye Haywood	To review progress on internal audit recommendations	Quarterly
	Follow-up Report on Internal Audit Recommendations	Internal Audit – 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
	Final statement of accounts 2020/21 TBC			
<b>7<sup>th</sup> March 2023</b>				
	Strategic and annual plans internal audit plan 2023/24	Internal Audit – Faye Haywood		Annual
	Follow-up Report on Internal Audit Recommendations	Internal Audit – Faye Haywood		Quarterly
	Progress Report on Internal Audit Activity	Internal Audit – Faye Haywood		Quarterly
	GRAC self-assessment	Internal Audit – Faye Haywood		Annual
	Corporate Risk Register	Director for Resources	To review the corporate risk register	Quarterly
	Procurement Exemptions Register	Monitoring Officer – Cara Jordan	To review Procurement Exemptions	Quarterly
	External Audit Plan 2021/22 TBC			

## GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2022/2023

<b>2023</b>				
	Anti-money laundering policy	Internal Audit – Faye Haywood		3 years – Due 2024
	Whistle Blowing Policy	Monitoring Officer – Cara Jordan	To review the updated Whistleblowing Policy	Tri-annual June 2024
	Counter-Fraud, Corruption and Bribery Policy Update	Internal Audit – Faye Haywood	To review and approve the updated Policy	Tri-annual June 2025

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