

Governance, Risk and Audit Committee



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16th September 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, 27 September 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.

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 - 14

To approve as a correct record, the minutes of the meeting of the Governance, Risk & Audit Committee held on 14th June 2022.

7. EY EXTERNAL AUDIT - INITIAL AUDIT PLAN

15 - 60

To review and note the Initial External Audit Plan.

8. **PROGRESS AND FOLLOW UP REPORT ON INTERNAL AUDIT ACTIVITY: 1 APRIL 2022 TO 16 SEPTEMBER 2022** 61 - 78

Summary: This report examines the progress made between 1 April 2022 to 16 September 2022 in relation to delivery of the annual internal audit plan for 2022/23 and provides details of any outstanding internal audit recommendations.

Conclusions: The report contains an update on progress against the Internal Audit Plan for 2022/23 and progress against the completion of internal audit recommendations.

Recommendations: **It is recommended that the Committee receives internal audit progress and progress against internal audit recommendations within the period covered by the report.**

Cabinet member(s):
All

Ward(s) affected:
All

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and e-mail:

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9. **MONITORING OFFICER'S ANNUAL REPORT 2021/2022** 79 - 96

To receive and note the Monitoring Officer's Annual Report.

10. GOVERNANCE, RISK & AUDIT COMMITTEE - ANNUAL REPORT 2021-22 97 - 102

Summary: This report aims to provide the Council with an outline of the role, purpose and background of the Governance, Risk & Audit Committee, as well as a summary of the work undertaken throughout both the 2021-22 municipal year.

Conclusions: Despite significant ongoing delays caused to the 2019/20 accounts sign-off and external audit process by issues beyond the Council's control, the Committee continued to meet its obligation to provide oversight of the Council's governance procedures, corporate risk and internal/external audits.

Recommendations: **It is recommended that Council notes the report, affirms the work of the Governance, Risk & Audit Committee, and considers any concerns raised within the report.**

Reasons for Recommendations: To inform Council of the work of the Governance, Risk and Audit Committee in 2021-22.

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

Contact Officer, Matt Stembrowicz, Democratic Services & telephone number, Governance Officer, 01263 516047, and e-mail: Matthew.Stembrowicz@north-norfolk.gov.uk

11. PROCUREMENT EXEMPTIONS REGISTER 6 JUNE 2022 TO 6 SEPTEMBER 2022 103 - 104

To review and note the Procurement Exemptions Register.

12. CORPORATE RISK REGISTER 105 - 138

To review and note the Corporate Risk Register.

13. GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST 139 - 146

Update 1:

Reply from Jane Hunt MP regarding the whistleblowing regime and length of time taken by external bodies to investigate disclosures. (see attached)

Update 2:

Future requirement for Audit Committees to appoint an independent person. (see attached)

Update 3:

HR response to disciplinary proceedings recommendation –

“RESOLVED

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”

“NNDC’s constitution should not within the context of employment law, be mandating how formal processes should be conducted. The ACAS code of practice, provides detailed advice to organisations and managers (including advice about roles and responsibilities), in how disciplinary and grievances should be conducted. Further, and in the case of statutory officers, the nationally agreed terms and conditions of Chief Officers & Chief Executive Officers clearly define how such a formal process should be completed.

The benefits of maintaining the status quo in terms of arrangements for the operation of an EAC, include, but not limited to:

- Transparency
- Fairness
- Responsive – the ability to respond to changes in national advice and guidance when the ACAS code / model procedure is updated
- Flexibility
- Access of information
- Ease of application from external advisers such as lawyers and independent persons

To confirm, my advice as the Council’s HR lead should be that when an EAC is convened, or there is a requirement for one to be convened, that the ACAS code of practice is considered and applied as the circumstances dictate, alongside the model procedure, with no local amends in the constitution.”

14. GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME 147 - 150

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](#).

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

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

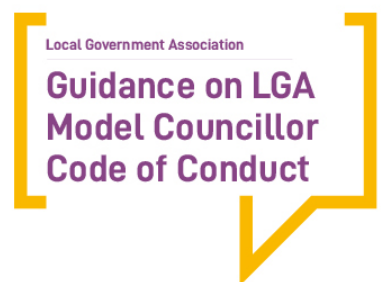
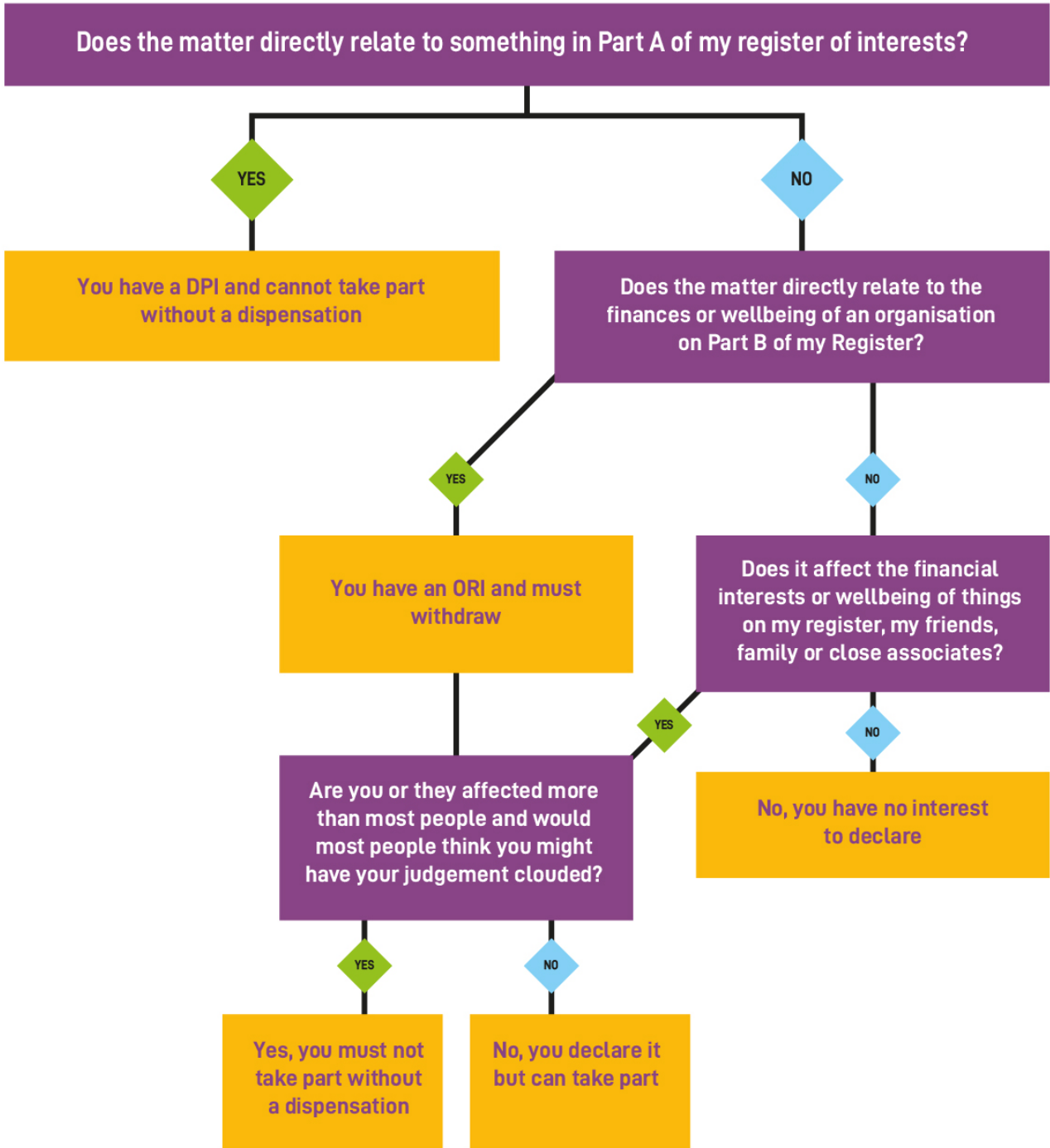
	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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* 'director' includes a member of the committee of management of an industrial and provident society.

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

Table 2: Other Registrable Interests

<p>You have a personal interest in any business of your authority where it relates to or is likely to affect:</p> <ul style="list-style-type: none">a) any body of which you are in general control or management and to which you are nominated or appointed by your authorityb) any body<ul style="list-style-type: none">(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, 14 June 2022 at the Council Chamber - Council Offices at 2.00 pm

Committee

Members Present:

Mr J Rest (Chairman)
Mr C Cushing
Dr P Bütikofer

Mr S Penfold (Vice-Chairman)
Mr H Blathwayt
Ms L Withington

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), Democratic Services Manager (DSM), Assistant Director for Finance, Assets, Legal & Monitoring Officer (MO) and Policy and Performance Management Officer (PPMO)

24 TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from Cllr P Fisher.

25 SUBSTITUTES

Cllr L Withington for Cllr P Fisher.

26 PUBLIC QUESTIONS

None received.

27 ITEMS OF URGENT BUSINESS

None received.

28 DECLARATIONS OF INTEREST

None declared.

29 MINUTES

Minutes of the meeting held on 8th March 2022 were approved as a correct record and signed by the Chairman, subject to amendment to show Cllr S Penfold as present at the meeting.

Minutes of the meeting held on 26th April 2022 were approved as a correct record and signed by the Chairman.

30 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY: 26 FEBRUARY 2022 TO 6 JUNE 2022

The IAM introduced the report and informed Members that 150 days of programmed work had been completed. She added that one audit report was still in draft, though there was no reason to expect that the assurance gradings or recommendations would change following response from management. It was noted that appendix 1 provided an overview of all assurance gradings, with executive summaries provided in appendix 2. The IAM stated that the one limited assurance grading had been given across the Consortium and related to the Counter-fraud and Corruption audit, which had been undertaken as a result of new guidance issued.

Questions and Discussion

- i. Cllr C Cushing asked for clarification of the precise risks that the Committee and Council should focus on addressing. The IAM replied that this would apply to the wider framework for Counter-fraud and Corruption, covering all types of risk to consider whether the necessary policies were in place and training was adequate. She added that the audit suggested that the Council could be more proactive in seeking to address these issues. Cllr C Cushing followed-up by asking whether a simple tightening up of policies and procedures would mitigate the risks, or whether there were more specific actions that should be taken. The IAM replied that actions would be based on the updated guidance to provide greater oversight of the risk associated with fraud and corruption.
- ii. The Chairman referred to the limited assurance and asked whether the IAM would be comfortable improving the assurance grading, once the necessary actions were complete. The IAM confirmed that subject to a follow-up procedure and evidence of the recommendations being implemented, she would be comfortable to improve the assurance grading, relative to the actions taken.
- iii. The IAM reported that the Waste Management audit had also been completed, with a reasonable assurance grading and three important recommendations raised. She added that whilst the Consortium did not cover KLWNBC, information had been sought to provide assurance on the partnership working arrangements. ICT Change Control and Patch Management work has also resulted in two important recommendations, which related to standardisation of policies and procedures, and ensuring that changes were documented.
- iv. The IAM reported that annual key controls work had been completed which highlighted a theme amongst reconciliations, which management had agreed to address.
- v. It was reported that the draft assurance review of the Environmental Charter had shown very promising work with input from external consultants, which would be shared across the Consortium as best practice. The IAM suggested that a project board should be established to monitor key milestones.
- vi. The Chairman referred to seeking assurances from Serco to ensure contractual compliance, and noted that the Overview & Scrutiny Committee had made similar recommendations, which suggested the issue was being given significant attention. He noted that there were no substantive assurances given throughout the year, and asked whether this should be a goal of management. The IAM replied that whilst management should aspire

to receive substantial assurances, some areas audited would have been in a developmental stage and could not be expected to achieve this. She added that reasonable assurance ratings were still positive and should not be seen as a concern. In response to a question from Cllr C Cushing, it was confirmed that all Councils within the Consortium had the same assurance gradings, and Members should be comforted that NNDC was in a relatively good position.

RESOLVED

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

31 ANNUAL REPORT AND OPINION 2021/22

The IAM introduced the report and informed Members that it included a summary of the assurance gradings provided for all audits throughout the year, and the number of audit recommendations implemented. She added that the overall opinion was reasonable, based on thirteen of fourteen audits completed throughout the year which was a positive assurance grading. It was noted that three audits had received a substantial assurance rating for Accounts Receivable, Accounts Services and Customer Services. The IAM reported that one limited assurance grading had been given for Counter-fraud and Corruption, with recommendations listed in the Annual Governance Statement until complete. She added that a summary of follow-ups had been included for outstanding audit recommendations, alongside the quality assurance and improvement programme, to assess how effective the audit function had been. The IAM noted that whilst the service had struggled at times to deliver the planned audit work in line with KPIs, they had recovered by year end, and the procurement exercise for the next contract had just been completed, with timeliness KPIs strengthened. It was noted that several previously outstanding audit recommendations had now been completed, though work remained on those relating to S106 agreements.

Questions and Discussion

- i. Cllr S Penfold referred to the assurance chart in appendix 2 and asked why areas such as corporate health and safety or economic growth had no data recorded. The IAM replied that these areas still represented part of the control framework, and they would be covered within the next three years, with priority determined by risk. Cllr S Penfold stated that there were a number of risks facing the economy and sought assurances that these would be taken into account. It was confirmed that economic growth was due for consideration in the year ahead.
- ii. Cllr A Brown noted that Community Infrastructure Levies were mentioned in the report, though the Council did not operate any, to which the IAM replied that she would remove reference in future reports.
- iii. The recommendations were proposed by Cllr L Withington and seconded by Cllr S Penfold.

RESOLVED

- 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.**

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

The CE introduced the report and informed Members that it represented good practice, and noted that the statement that would be signed by himself and the Council Leader. He added that the report had been prepared by Assistant Directors, Directors and himself, by forming statements in response to a series of pre-prepared questions on how the Council responded to key risks and issues identified by Internal Audit such as counter-fraud and corruption.

Questions and Discussion

- i. Cllr S Penfold noted that the population in the appendix had been given as an approximate figure and asked if this could be provided in full. The CE confirmed that he would seek to provide accurate figures in future reports once the new census information was available.
- ii. Cllr L Withington thanked officers for the report and suggested that it was helpful to understand how the Council sought to mitigate risks.
- iii. The recommendation was proposed by Cllr P Butikofer and seconded by Cllr H Blathwayt.

RESOLVED

1. **To review and approve the Annual Governance Statement (AGS) along with the updated Local Code of Corporate Governance.**

33 UPDATED FRAUD POLICY AND FRAUD RISK ASSESSMENT

The CE introduced the item and informed Members that the Policy had been updated as a result of audit recommendations related to the limited assurance ratings given across the Consortium. He added that the authority would reflect upon both internal and external sources of potential fraud, including benefits payments, sole occupancy Council Tax discounts, Covid grant payments, hardship payments, and the conduct of officers in relation to the receipt of gifts, expenses and/or relationships. It was noted that awareness of potential risks had been addressed, and mitigation measures were in place through the Whistleblowing Policy and National Fraud Initiative. The CE stated that resourcing of mitigation measures had been discussed, though staff were trained to identify fraud, and whilst management were confident that the authority was not exposed to significant risk, further robust training would be arranged for all Revenues, Benefits and People Services staff. It was noted that managers would be asked to give greater consideration to risks of

potential fraud, with action taken where necessary, alongside continued data sharing with the National Fraud Initiative. The CE stated that CLT would continue to monitor potential fraud risks, instigate additional training, and review the situation on an annual basis to assess whether any further resource was required, which Internal Audit considered acceptable. On internal fraud risks, it was reported that the payroll system had been strengthened, and the MO maintained a register of gifts and hospitality for staff and elected Members. The CE noted that a corporate Counter-Fraud Awareness Action Plan was included in appendix 3 with a summary of risks and actions, alongside a risk assessment with a RAG rating system.

Questions and Discussion

- i. Cllr C Cushing asked whether any engagement had taken place with other authorities in the area to find learning opportunities. The CE replied that the Consortium had established that there were learning opportunities and improvements that could be made, and conversations had taken place prior to Covid-19 on the possibility of a creating a combined anti-fraud team to cover all authorities. He added that this had not been pursued as a result of Covid-19, but could be reconsidered in the future. Cllr C Cushing referenced comments in the report on robust training, and asked whether annual training was provided to update and maintain existing knowledge. The CE replied that Revenues and Benefits were two of the largest teams at the Council, and there was therefore a degree of staff turnover that required training to be provided as part of the induction process. He added that refresher training had not been provided recently as a result of Covid-19, though the HR Manager had been asked to address this by the year-end.
- ii. Cllr S Penfold referred to risk categories and asked how the RAG ratings had been determined, and whether they were based on previous instances of fraud, the likeliness of fraud, or the level of impact. The CE confirmed that it was a combination of all factors that had been used to determine the RAG ratings. Cllr S Penfold asked whether the red risks had previously occurred, to which the CE replied that the Council Tax and Business Rates fraud risk was a response to the £28m lost nationally. He added that the demographics of the District meant that it was less likely to occur in North Norfolk, and many small businesses were eligible for rates relief, but the risk assessment still took into account national risks. It was noted that the number of referrals from NNDC to the National Fraud Initiative were very low, and risks should be seen in that context.
- iii. Cllr H Blathwayt referred to the Covid-19 grants risk, and noted that nationally there had been well publicised cases of fraud, and asked whether there were any known cases in North Norfolk. The CE replied that the national issue centred around the business loans scheme, whilst business grants had not been subject to the same level of concern. Cllr A Brown noted that the Council had won an award for administering approximately £130m of Covid-19 business grants, and asked whether this was evidence of the Council's confidence in its fraud mitigation measures. The CE replied that the recognition shown by the award and comments received from Government were based on the Council's performance in relation to the speed and efficacy of payment, and all local authorities were now subject to ongoing reporting of fraud and expenditure related to these payments. He added that he was not aware of any significant fraud related to payments made in North Norfolk, though the Council had made nine referrals to the National Fraud Initiative, to which they notified the Council of £3500 Housing Benefit fraud. It

was suggested that on this basis, a future decision would need to be made on how much to invest in fraud prevention, beyond the continuation of robust training and existing mitigation measures.

- iv. Cllr L Withington referred to the counter-fraud processes, and asked whether consideration had been given to the additional pressure any investigations would place on officers and Internal Audit, whilst dedicated resource was not in place. The IAM replied that Internal Audit were able to provide this service, as the workload did not present an unmanageable burden. The CE noted that in the past two years there had only been one instance in which Internal Audit's services had been required to undertake an investigation.
- v. The recommendations were proposed by Cllr C Cushing and seconded by Cllr P Butikofer.

RESOLVED

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

34 CORPORATE RISK REGISTER

The CE introduced the report and informed Members that it covered risks facing the authority at a local, national and global level. He added that there were significant issues such as the war in Ukraine, which had a substantial impact on global fuel prices, food supplies and living costs. It was noted that there was also significant inflation within the UK that was impacting industries such as construction and utilities, whilst interest rates were also rising, which could provide a limited increase on investment returns. The CE noted that other issues identified included County Deals, the Levelling-up agenda, increased service pressures for additional grant schemes, and unknown factors arising from existing major projects such as the North Walsham Heritage Action Zone Scheme.

Questions and Discussion

- i. Cllr C Cushing referred to the loss of information status risk that had a target of 2 and score of 16, and asked why there was such a high likelihood of the risk occurring, and what mitigation measures had been put in place. The PPMO replied that a target of 2 was a default, though this could be raised if not possible. She added that the risk of cyber attack had increased considerably within the last six months, and the target may need to be adjusted. Cllr C Cushing asked what measures were being taken to avert this risk, to which the CE replied that he would request a written response from the relevant Assistant Director. Cllr C Cushing referred to nutrient neutrality risks and asked whether officers had anything to add, given its impact on the authority. The CE replied that it was a very significant concern, with 72 authorities now subject to the restrictions as advised by Natural England. He added that whilst concerns on water quality were genuine, the lack of engagement with authorities prior to introducing the restrictions raised significant concerns that had been communicated to Government. It was

noted that the restrictions would have an impact on housing delivery and could also impact the Council's five year land supply, in advance of submitting the Local Plan for review. The CE noted that the Council were working with consultants to develop a response, with mitigation measures hopefully in place by the year-end, though this was not guaranteed.

- ii. In response to a question from the Chairman, the PPMO stated that the IT Team responded robustly to all cybercrime guidance released by Government, in response to all emerging risks. The Chairman referred to the production of an Asset Management Plan which appeared incomplete, and it was confirmed that this would be followed-up with the appropriate officer.
- iii. Cllr H Blathway referred to interest rate rises and asked whether the Council would be in any way exposed to these increases. The CE replied that the Council would not be exposed to risk on the same scale as Central Government, but he would seek confirmation from the Finance Team.
- iv. Cllr A Brown referred to nutrient neutrality issues, and informed Members that the status of planning applications granted conditional approved prior to 16th March was still undecided, but it was hoped that these would not be subject to same restraints and could be allowed to continue.
- v. On the Asset Management Plan, the PPMO noted that the relevant officer had completed the task in October 2021, but a RAG status had not been applied and this was the reason for the question mark displayed.

RESOLVED

To review and note the report.

35 PROCUREMENT EXEMPTIONS REGISTER

The MO introduced the item and informed Members that there were eight exemptions granted within the last quarter, which were detailed on p217.

Questions and Discussion

Cllr E Seward referred to the purchase of stone for Church Approach in North Walsham and informed Members that it was now installed, and buying the materials early had saved the Council thousands of pounds.

RESOLVED

To review and note the Procurement Exemptions Register.

36 GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST

The Chairman introduced the item and stated that in the absence of the DSGOS there were no queries to raise.

RESOLVED

To note the update.

37 GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

The Chairman noted that the next scheduled meeting of GRAC was on 12th July, though this would remain open until business was confirmed. The DSM stated that she would advise accordingly if the meeting was changed. She added that the External Audit Letter listed as TBC on the Work Programme remained outstanding, as EY had advised that the infrastructure asset values issue had not been resolved. The CE noted that this was an issue at a national level, which for North Norfolk related to the repair and maintenance of coastal defences and the extent to which they had deteriorated and been devalued.

RESOLVED

To note the Work Programme.

38 EXCLUSION OF THE PRESS AND PUBLIC

The meeting ended at 3.20 pm.

Chairman

North Norfolk District Council

Initial Audit Plan

Year ended 31 March 2021

6 September 2022

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6 September 2022



Governance, Risk and Audit Committee Members
North Norfolk District Council
Council Offices
Holt Road
Cromer
NR27 9EN

Dear Governance Risk and Audit Committee Members

We are pleased to attach our Initial Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Governance Risk and Audit Committee with a basis to review our proposed audit approach and scope for the 2020/21 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for North Norfolk District Council, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Governance Risk and Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 27 September 2022 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

MARK HODGSON

Mark Hodgson
Associate Partner
For and on behalf of Ernst & Young LLP
Enc

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Governance Risk and Audit Committee and management of North Norfolk District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Governance Risk and Audit Committee and management of North Norfolk District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Governance Risk and Audit Committee and management of North Norfolk District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2020/21 audit strategy



Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Governance Risk and Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year

Audit risks and areas of focus

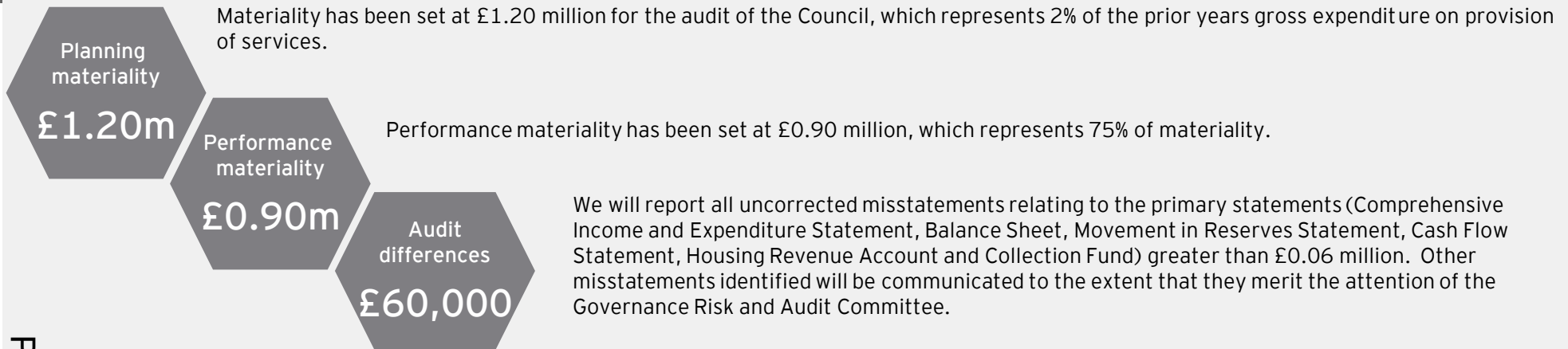
Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively (management override).
Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)	Fraud risk	No change in risk or focus	Linking to our fraud risk identified above, we have determined that a way in which management could override controls is through the inappropriate capitalisation of revenue expenditure to understate revenue expenditure reported in the financial statements, given the extent of the Council's capital programme and Revenue Expenditure Funded from Capital Under Statute.
Accounting for Covid-19 related government grants	Significant risk	New significant risk in 2020/21	The Council has received a significant level of government funding in relation to Covid-19, including approximately £65 million in business support grants (per the Council's draft accounts). There is a need for the Council to ensure that it accounts for these grants appropriately, taking into account any associated restrictions and conditions.
Infrastructure Assets	Significant Risk	New significant risk in 2020/21	An issue has been raised via the NAO's Local Government Technical Group that some local authorities are not writing out the gross cost and accumulated depreciation on highways infrastructure assets when a major part/component has been replaced or decommissioned. This matter is currently under consideration by CIPFA and the Council hold material Infrastructure Assets (£6 million at 31 March 2021) which is delaying the 2019/20 audit opinion. We have raised an significant risk in this area to ensure the correct accounting treatment is applied and that the Council has appropriate evidence to support that treatment. This risk categorisation may reduce depending on the outcome of the 2019/20 audit procedures and reporting.

Overview of our 2020/21 audit strategy

Risk / area of focus	Risk identified	Change from PY	Details
Valuation of other Land and Buildings	Inherent risk	Reduced risk in 2020/21 from prior year	Other Land and Buildings (OLB) represents a significant balance in the Council's accounts (£37 million at 31 March 2020) and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end balances held in the Balance Sheet. In 2019/20, the Council engaged a new valuer, Wilkes Head & Eve, to undertake this work, which gave rise to a significant risk. Given there were limited issues identified in our valuations testing for 2019/20, we have reduced this audit risk to inherent. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.
Bad debt provision and recoverability of receivables	Inherent Risk	New inherent risk in 2020/21	As a result of the long term impact of Covid-19 and other market uncertainties there may be increased uncertainty around the recoverability of Receivables. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Council to revisit their provision for bad debt calculation in light of ongoing uncertainty and assess the appropriateness of this estimation technique.
Collection Fund Accounting	Inherent Risk	New inherent risk in 2020/21	During 2020-21, in response to the financial hardship faced by individuals and businesses, there may be lower levels of recovery of collection fund income. There are also specific sectors including retail, hospitality and leisure that have received additional business rates relief, and guidance on spreading Collection Fund deficits across a three year period. There is therefore a risk of incorrect accounting based on the significant level of change in the year.
National Non-Domestic Rates (NNDR) Appeals Provision	Inherent Risk	No change in risk or focus.	Due to the impact of Covid-19, there is a possibility that businesses are likely to seek reductions based on a decrease in rental prices on which rateable values are based. The Council's NNDR Appeals Provision is a material estimate, totalling £1.6 million for the Collection Fund as a whole. In light of this, we consider there to be a higher inherent risk of misstatement of the Council's NNDR appeals provision.
Pension Valuation and Other Disclosures	Inherent Risk	No change in risk or focus.	The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Authority's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Authority's Balance Sheet. The information disclosed is based on the IAS 19 report issued to the Authority by the Pension Fund Actuary. Accounting for this scheme involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a higher inherent risk.

Overview of our 2020/21 audit strategy

Materiality



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We also identify areas where misstatement at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- ▶ Remuneration disclosures including Member allowances: we will agree all disclosures back to source data, and Member allowances to the agreed and approved amounts; and
- ▶ Related party transactions we will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.

Materiality

In addition to the above risks and areas of focus, a revised auditing standard has been issued in respect of the audit of accounting estimates. The revised standard requires auditors to consider inherent risks associated with the production of accounting estimates.

These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty.

The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required. See page 17 for further details of the revised auditing standard.

Overview of our 2020/21 audit strategy

Audit scope

This Initial Audit Plan covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of North Norfolk District Council give a true and fair view of the financial position as at 31 March 2021 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards. When planning the audit we take into account several key inputs:

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- ▶ Strategic, operational and financial risks relevant to the financial statements;
 - ▶ Developments in financial reporting and auditing standards;
 - ▶ The quality of systems and processes;
 - ▶ Changes in the business and regulatory environment; and,
 - ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the ISA 540 (revised) and the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of North Norfolk District Council's audit, we will discuss these with management as to the impact on the scale fee.

Effects of climate-related matters on financial statements and Value for Money arrangements

Public interest in climate change is increasing. We are mindful that climate-related risks may have a long timeframe and therefore while risks exist, the impact on the current period financial statements may not be immediately material to an entity. It is nevertheless important to understand the relevant risks to make this evaluation. In addition, understanding climate-related risks may be relevant in the context of qualitative disclosures in the notes to the financial statements and value for money arrangements. We make inquiries regarding climate-related risks on every audit as part of understanding the entity and its environment. As we re-evaluate our risk assessments throughout the audit, we continually consider the information that we have obtained to help us assess the level of inherent risk.

Overview of our 2020/21 audit strategy

Value for money conclusion

One of the main changes in the NAO's 2020 Code is in relation to the value for money conclusion. We include details in Section 03 but in summary:

- ▶ We are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.
- ▶ Planning on value for money and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- ▶ We will provide a commentary on the Council's arrangements against three reporting criteria:
 - ▶ Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
 - ▶ Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
 - ▶ Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Within the audit opinion we will only report by exception where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The commentary on arrangements will be included in a new Auditor's Annual Report which we will be required to issue within 3 months of issuing the audit opinion on the financial statements.

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Timeline

The Ministry of Housing, Communities and Local Government provide a revised date for the Council to publish its draft accounts to 1 August 2021 and as part of their response to the Redmond Review, MHCLG confirmed that for 2020/21 that target date for audited accounts would be 30 September 2021

We are working with the Council to deliver the audit in an appropriate timeframe for the Council. In Section 07 we include a provisional timeline for the audit.



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02 Audit risks



Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error *

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What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Inquire of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understand the oversight given by those charged with governance of management's processes over fraud.
- ▶ Consider of the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Perform mandatory procedures regardless of specifically identified fraud risks, including:
 - ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
 - ▶ Assessing accounting estimates for evidence of management bias, and
 - ▶ Evaluating the business rationale for significant unusual transactions.

We will utilise our data analytics capabilities to assist with our work.

Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above. We concluded that only those procedures included under 'Inappropriate capitalisation of revenue expenditure' are required, as set out on the following page.

Our response to significant risks

Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)*

Financial statement impact

We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:

Revenue expenditure being inappropriately recognised as capital expenditure at the point it is posted to the general ledger.

Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year.

If this were to happen it would have the impact of understating revenue expenditure and overstating property, plant and equipment additions and/or Revenue Expenditure Financed as Capital Under Statute (REFCUS) in the financial statements.

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the general fund. In arriving at this conclusion we have considered the continuing pressure on the revenue budget and the financial value of its annual capital programme which is many times out materiality level.

This could then result in funding of that expenditure, that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Obtaining an analysis of capital additions in the year, reconciling to the Fixed Assets Register (FAR), and reviewing the descriptions to identify whether there are any potential items that could be revenue in nature; and
- ▶ Sample Test Property, Plant and Equipment additions, and REFCUS additions, if material, to ensure that the expenditure incurred and capitalised is clearly capital in nature or appropriate to be treated as REFCUS.

We will utilise our data analytics capabilities to assist with our work, including journal entry testing. We will assess journal entries more generally for evidence of management bias and evaluate for business rationale.

Audit risks

Our response to significant risks

Accounting for Covid-19 related grant funding

Financial statement impact

The Council has received a significant level of government funding in relation to Covid-19, including approximately £65 million in business support grants. Whilst there is no change in the CIPFA Code or accounting standard (IFRS 15) in respect of accounting for grant funding, the emergency nature of some of the grants received and in some cases the lack of clarity on any associated restrictions and conditions, means that the Council will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment in the 2020/21 statements.

What is the risk?

In response to the Covid-19 pandemic, the Council have received significant levels of grant funding, both to support the Council and to pass on to local businesses. Each of these grants will have distinct restrictions and conditions that will impact the accounting treatment of these.

Given the volume of these grants, and the new conditions for the Council to understand the accounting impact of, there is a significant risk that these may be misclassified in the financial statements or inappropriately treated from an accounting perspective.

What will we do?

We will consider the Council's judgement on material grants received in relation to whether it is acting as:

- ▶ An Agent, where it has determined that it is acting as an intermediary; or
- ▶ A Principal, where the Council has determined that it is acting on its own behalf.

Our response to significant risks

Accounting for Infrastructure Assets

Financial statement impact

We have identified a infrastructure asset misstatement that could affect the Balance Sheet.

We consider the risk applies to the existence of infrastructure assets and could result in a misstatement of 'Property, Plant, and Equipment' reported in the Balance Sheet.

What is the risk?

An issue has been raised via the NAO's Local Government Technical Group that some local authorities are not writing out the gross cost and accumulated depreciation on highways infrastructure assets when a major part/component has been replaced or decommissioned. This matter is currently under consideration by CIPFA, and will require some form of resolution for the 2019/20 audit to conclude.

As a result of not writing out gross cost and accumulated depreciation where components are replaced, or having the audit evidence to be able to prove that, there is a risk that, if this is the case for elements not fully depreciated, assets in the Balance Sheet could be overstated.

This issue is delaying the audit report for the 2019/20 audit. As a result, we have raised a Significant risk in this area.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Continue to discuss the matter with the Council as guidance on accounting for Infrastructure Assets is updated;
- ▶ Understand the Infrastructure Assets balance and the individual assets comprising this balance;
- ▶ Understand the Council's process for writing out gross cost and accumulated depreciation on the Infrastructure Assets balance to determine whether this is materially correct at the Balance Sheet date; and
- ▶ Consider the reporting implications is sufficient appropriate audit evidence is not available to support the Council's accounting treatment.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the area of focus?	What will we do?
<p>Valuation of other land and buildings</p> <p>Other land and buildings (OLB) represents a significant balance in the Council's accounts (£37m at 31 March 2020) and is subject to valuation changes, impairment reviews and depreciation charges.</p> <p>Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p>	<ul style="list-style-type: none"> ▶ Consider the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ▶ Sample test key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre); ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for property, plant and equipment. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer; ▶ Review assets not subject to valuation in 2020/21 to confirm that the remaining asset base is not materially misstated; ▶ Consider changes to useful economic lives as a result of the most recent valuation; and ▶ Test accounting entries have been correctly processed in the financial statements.
<p>Pension Liability Valuation & other pension disclosures</p> <p>The Authority makes extensive disclosures within its financial statements regarding its membership of Norfolk Pension Fund Scheme administered by Norfolk County Council. At 31 March 2021 the liability totalled £59 million.</p> <p>The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the Norfolk Pension Fund.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf.</p> <p>We undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> ▶ Liaise with the auditors of Norfolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to North Norfolk District Council; ▶ Assess the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used, by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and by considering any relevant reviews by the EY actuarial team; and ▶ Review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19 considering fund assets and the Authority's liability.

Other areas of audit focus (continued)

What is the risk/area of focus?	What will we do?
<p>Bad debt provision and recoverability of debtors</p> <p>As a result of the long term impact of Covid-19 and other market uncertainties there may be increased uncertainty around the recoverability of receivables. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Council to revisit their provision for bad debt calculation in light of Covid-19 and assess the appropriateness of this estimation technique. Given that there might be some subjectivity to the recoverability of debtors the Council will need to consider the level of any provision for bad debts. We have therefore raised as an inherent risk in our audit strategy.</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> ▶ Review the calculation of the bad debt provision for reasonableness and accuracy; and ▶ Consider the recoverability of debts in testing a sample of trade receivables.
<p>Collection Fund Accounting</p> <p>During 2020-21, in response to the financial hardship faced by individuals and businesses, there may be lower levels of recovery of collection fund income. There are also specific sectors including retail, hospitality and leisure that have received additional business rates relief for the financial year. There is therefore a risk of incorrect accounting based on the significant level of change in the year,</p>	<p>We will consider the Council's accounting for Collection Fund disclosures by performing the following:</p> <ul style="list-style-type: none"> ▶ Performing an analytical review of collection fund income, building in any changes in relief as appropriate; ▶ Document our understanding of the process for the raising of specific additional reliefs; and ▶ Review the Collection Fund disclosures with respect to ongoing guidance in accounting requirements and for compliance with Code requirements
<p>National Non-Domestic Rates (NNDR) Appeals Provision</p> <p>The calculation of the NNDR Appeals Provision is estimate based. Given the impact of Covid-19 on businesses seeking reductions in rateable values, there is a risk of material misstatement of the appeals provision due to the nature of the provision and the uncertainty around the full impact of Covid-19.</p> <p>In light of this we consider there to be an inherent risk of misstatement of the Council's NNDR appeals provision.</p>	<p>We will consider the Council's estimation of the NNDR appeals provision by performing the following:</p> <ul style="list-style-type: none"> ▶ Review the assumptions made by the Council's NNDR appeals provision specialist; and ▶ Assess the reasonableness of any local adjustments made by the Council on the NNDR appeals provision.

Other areas of audit focus (Continued)

What is the risk/area of focus?

Auditing accounting estimates

ISA 540 (Revised) - Auditing Accounting Estimates and Related Disclosures applies to audits of all accounting estimates in financial statements for periods beginning on or after December 15, 2019.

This revised ISA responds to changes in financial reporting standards and a more complex business environment which together have increased the importance of accounting estimates to the users of financial statements and introduced new challenges for preparers and auditors.

The revised ISA requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether there is a significant risk or not. At the same time, we expect the number of significant risks we report in respect of accounting estimates to increase as a result of the revised guidance in this area.

The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required, particularly in cases where an accounting estimate and related disclosures are higher on the spectrum of inherent risk. For example:

- 3 We may place more emphasis on obtaining an understanding of the nature and extent of your estimation processes and key aspects of related policies and procedures. We will need to review whether controls over these processes have been adequately designed and implemented in a greater number of cases.
- 1
- We may provide increased challenge of aspects of how you derive your accounting estimates. For example, as well as undertaking procedures to determine whether there is evidence which supports the judgments made by management, we may also consider whether there is evidence which could contradict them.
- We may make more focussed requests for evidence or carry out more targeted procedures relating to components of accounting estimates. This might include the methods or models used, assumptions and data chosen or how disclosures (for instance on the level of uncertainty in an estimate) have been made, depending on our assessment of where the inherent risk lies.
- You may wish to consider retaining experts to assist with related work. You may also consider documenting key judgements and decisions in anticipation of auditor requests, to facilitate more efficient and effective discussions with the audit team.
- We may ask for new or changed management representations compared to prior years.



03

Value for Money Risks





Value for Money

Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

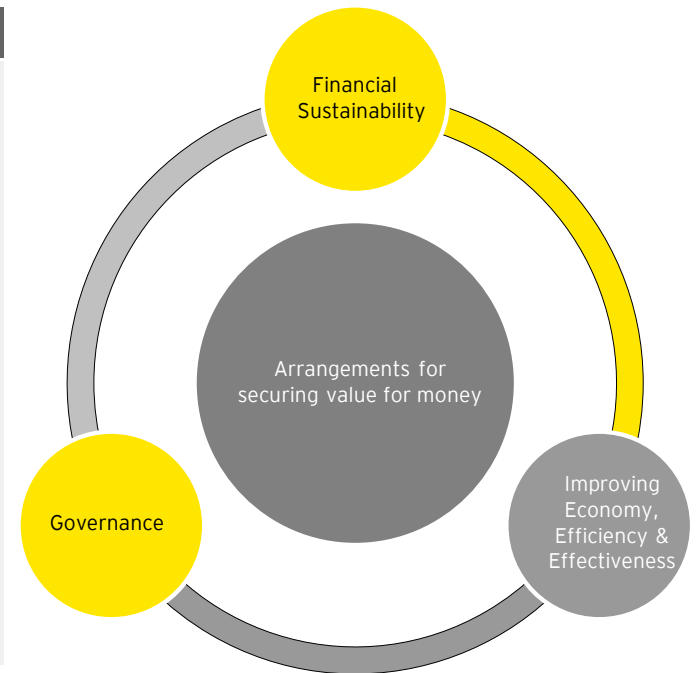
As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

Auditor responsibilities

Under the 2020 Code we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- ▶ Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- ▶ Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- ▶ Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.





Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes requires us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes where the NAO required auditors as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In considering the Council's arrangements, we are required to consider:

- ▶ The Council's governance statement;
- ▶ Evidence that the Council's arrangements were in place during the reporting period;
- ▶ Evidence obtained from our work on the accounts;
- ▶ The work of inspectorates and other bodies; and
- ▶ Any other evidence source that we regards as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- ▶ Exposes - or could reasonably be expected to expose - the Council to significant financial loss or risk;
- ▶ Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Council's reputation;
- ▶ Leads to - or could reasonably be expected to lead to - unlawful actions; or
- ▶ Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- ▶ The magnitude of the issue in relation to the size of the Council;
- ▶ Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- ▶ The impact of the weakness on the Council's reported performance;
- ▶ Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- ▶ Whether any legal judgements have been made including judicial review;
- ▶ Whether there has been any intervention by a regulator or Secretary of State;
- ▶ Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- ▶ The impact on delivery of services to local taxpayers; and
- ▶ The length of time the Council has had to respond to the issue.



Value for Money

Responding to identified risks of significant weakness

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Governance Risk and Audit committee.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

The NAO has recently determined that for 2020/21, auditors will need to report the VFM commentary within 3 months of issuing the audit opinion on the financial statements.

Status of our 2020/21 VFM planning

We have yet to complete our detailed VFM risk planning. However, one area of focus will be on the arrangements that the Council has in place in relation to financial sustainability - including the impact of Covid-19 on the medium term financial planning, and the response to Covid-19.

We will provide an update on the outcome of our VFM planning and our planned response to any additional identified risks of significant weaknesses in arrangements at a future Governance Risk and Audit Committee meeting.

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04

Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2020/21 has been set at £1.200 million. This represents 2% of the Council's gross expenditure on provision of services in the draft accounts. It will be reassessed throughout the audit process. We consider that gross expenditure on the provision of services is the area of biggest interest to the users of the Council's accounts. We have provided supplemental information about audit materiality in Appendix C.

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Gross expenditure on provision of services

£61m

Planning materiality

£1.20m

Performance materiality

£0.90m

Audit differences

£60,000

We request that the Governance Risk and Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £1.200 million which represents 75% of planning materiality, This reflects the relatively lower level of misstatements detected in our 2019/20 financial statement audit.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, housing revenue account and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Governance Risk and Audit committee, or are important from a qualitative perspective.

Specific materiality - We have set a materiality threshold of £5,000 for related party transactions and members' allowances. For officers remuneration including exit packages we will apply materiality of £5,000 in line with bandings. This reflects our understanding that an amount less than our materiality would not influence the economic decisions of users of the financial statements in relation to these disclosures.

Materiality

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

We also identify areas where misstatement at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- ▶ Remuneration disclosures including Member allowances: we will agree all disclosures back to source data, and Member allowances to the agreed and approved amounts.
- ▶ Related party transactions we will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice, our principal objectives are to undertake work to support the provision of our audit report to the audited body and to satisfy ourselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

Page 40

whether the financial statements give a true and fair view of the financial position of the audited body and its expenditure and income for the period in question; and whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- ▶ whether other information published together with the audited financial statements is consistent with the financial statements; and
- ▶ where required, whether the part of the remuneration report to be audited has been properly prepared in accordance with the relevant accounting and reporting framework.

Other procedures required by the Code:

- ▶ Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

As outlined in Section 03, we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2020/21 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and

▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Governance Risk and Audit Committee.

Internal audit:

We will review internal audit plans and the results of their work. We will reflect on these when designing our overall audit approach and when developing our detailed testing strategy. We may also reflect relevant findings from their work in our reporting, where it raises issues that could have a material impact on the financial statements.



06

Audit team



Audit team

Audit team structure:

The engagement team is led by Mark Hodgson, who has significant experience on County Council audits.

Mark has served 5 years as Engagement Partner (signing partner) through to the 2019/20 audit opinion. In line with the terms of the PSAA Ltd contract, we have agreed a two year extension to Mark's tenure as Engagement Partner with the PSAA Ltd. We also sought and gained approval to this decision from the Council's Section 151 Officer and Governance, Risk and Audit Committee Chair, as part of our overall considerations for the extension.

Mark is supported by Jacob McHugh and Dan Cooke, from our Government & Public Sector team, who are responsible for the day-to-day direction of audit work and is the key point of contact for the Chief Accountant. The day to day audit team will be lead by Mary Springer, Senior.

Mark Hodgson
Audit Partner

Jacob McHugh
Audit Manager

Dan Cooke
Audit Manager

Mary Springer
Senior

EY Real
Estates (EYRE)

PwC (consulting
actuary) and EY
Actuaries

Working together with the Council

We are working together with officers to identify continuing improvements in communication and processes for the 2020/21 audit.

We will continue to keep our audit approach under review to streamline it where possible.

Use of specialists

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where specialists are expected to provide input for the current year audit are:

Area	Specialists
Pensions disclosure	EY Actuaries Hymans Robertson- Actuary to Norfolk Pension Fund
Valuation of Land and Buildings & Investment Properties	Wilkes Head & Eve (Management specialist) EY Real Estates (in relation to Investment Property and otherwise as required)
Financial Instruments	Arlingclose (Management specialist)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

Developing the right Audit Culture

In July 2021, EY established a UK Audit Board (UKAB) with a majority of independent Audit Non-Executives (ANEs). The UKAB will support our focus on delivering high-quality audits by strengthening governance and oversight over the culture of the audit business. This focus is critical given that audit quality starts with having the right culture embedded in the business.



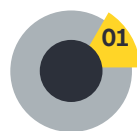
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Our audit culture is the cement that binds together the building blocks and foundation of our audit strategy. We have been thoughtful in articulating a culture that is right for us: one that recognises we are part of a wider, global firm and is clear about whose interests our audits serve.

There are three elements underpinning our culture:

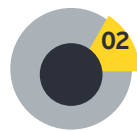
1. Our people are focused on a **common purpose**. It is vital we foster and nurture the values, attitudes and behaviours that lead our people to do the right thing.
2. The essential attributes of our audit business are:
 - ▶ **Right resources** – We team with competent people, investing in audit technology, methodology and support
 - ▶ **Right first time** – Our teams execute and review their work, consulting where required to meet the required standard
 - ▶ **Right reward** – We align our reward and recognition to reinforce the right behaviours

3. The six pillars of Sustainable Audit Quality are implemented.



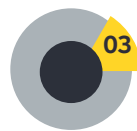
Tone at the top

The internal and external messages sent by EY leadership, including audit partners, set a clear tone at the top - they establish and encourage a commitment to audit quality



Exceptional talent

Specific initiatives support EY auditors in devoting time to perform quality work, including recruitment, retention, development and workload management



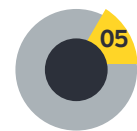
Accountability

The systems and processes in place help EY people take responsibility for carrying out high-quality work at all times, including their reward and recognition



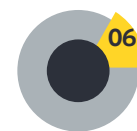
Audit technology and digital

The EY Digital Audit is evolving to set the standard for the digital-first way of approaching audit, combining leading-edge digital tools, stakeholder focus and a commitment to quality



Simplification and innovation

We are simplifying and standardising the approach used by EY auditors and embracing emerging technologies to improve the quality, consistency and efficiency of the audit



Enablement and quality support

How EY teams are internally supported to manage their responsibility to provide high audit quality

A critical part of this culture is that our people are **encouraged and empowered to challenge and exercise professional scepticism** across all our audits. However, we recognise that creating a culture requires more than just words from leaders. It has to be reflected in the lived experience of all our people each and every day enabling them to challenge themselves and the companies we audit.

Each year we complete an audit quality culture assessment to obtain feedback from our people on the values and behaviours they experience, and those they consider to be fundamental to our audit quality culture of the future. We action points that arise to ensure our culture continues to evolve appropriately.

2021 Audit Culture Survey result

A cultural health score of 78% (73%) was achieved for our UK Audit Business

We bring our culture alive by investing in three priority workstreams:

- Audit Culture with a focus on professional scepticism
- Adopting the digital audit
- Standardisation

This investment has led to a number of successful outputs covering training, tools, techniques and additional sources. Specific highlights include:

- Audit Purpose Barometer
- Active Scepticism Framework
- Increased access to external sector forecasts
- Forensic risk assessment pilots
- Refreshed PLOT training and support materials, including embedding in new hire and trainee courses
- Digital audit training for all ranks
- Increased hot file reviews and improved escalation processes
- New work programmes issued on auditing going concern, climate, impairment, expected credit losses, cashflow statements and conducting effective group oversight
- Development of bite size, available on demand, task specific tutorial videos

“A series of company collapses linked to unhealthy cultures....have demonstrated why cultivating a healthy culture, underpinned by the right tone from the top, is fundamental to business success.”

Sir John Thompson
Chief Executive of the FRC



07

Audit timeline





Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle.

From time to time matters may arise that require immediate communication with the Governance Risk and Audit Committee and we will discuss them with the Governance Risk and Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Governance Risk and Audit Committee timetable	Deliverables
Planning: Risk assessment and setting of scopes.	June 2022		
Walkthrough of key systems and processes	June - July 2022	Governance Risk and Audit Committee	Audit Plan - September Committee
Year end audit	July - September 2022		
Year end audit - Audit Completion procedures	December 2022	Governance Risk and Audit Committee	Audit Results Report Audit opinion and completion certificates
	December 2022 / January 2023		Auditor's Annual Report



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08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
 - ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- The overall assessment of threats and safeguards;
Information about the general policies and process within EY to maintain objectivity and independence.

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Mark Hodgson, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we have an investment in the Council; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

When the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you. At the time of writing, there are no non-audit services provided. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Other communications

EY Transparency Report 2021

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2021: https://www.ey.com/en_uk/about-us/transparency-report-2021



09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2020/21	Final Fee 2019/20
	£	£
Total Fee - Code work	41,667	41,667
Baseline increase in Scale Fee from 2019/20	28,238	28,238 (Note 1)
Additional work in relation to 2019/20		TBC (Note 1)
Additional Work from 2020/21	TBC (Note 2)	
Total audit	TBC	TBC

All fees exclude VAT

Note 1 - The 2019/20 Code work will include an additional fee, to be calculated following completion of this audit. £28,238 of this relates to uplifts to the base scale fee as previously advised. Further fees will be sought for additional work in respect of the Value for Money significant risk and reporting, Valuation of Land and Buildings and ongoing discussions around Infrastructure Assets.

Note 2 - For 2020/21, the scale fee will be impacted by a range of factors which will result in additional. See Section 2 of this report for further areas that are likely to lead to additional fees.

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council; and
- The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.



Appendix B

Required communications with the Governance Risk and Audit Committee

We have detailed the communications that we must provide to the Governance Risk and Audit Committee.






Our Reporting to you

Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Governance Risk and Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach Page 54	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit Plan, September 2022 meeting of the Governance Risk and Audit Committee
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report, Governance Risk and Audit Committee (December 2022); and Auditor's Annual Report, November / December 2022




Appendix B

Required communications with the Governance Risk and Audit Committee (continued)

		 Our Reporting to you	
Required communications	 What is reported?	 When and where	
Page 55	Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit Results Report, Governance Risk and Audit Committee (December 2022)
	Financial statements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report, Governance Risk and Audit Committee (December 2022)
	Subsequent events	<ul style="list-style-type: none"> ▶ Enquiries of the Governance Risk and Audit Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements 	Audit Results Report, Governance Risk and Audit Committee (December 2022)
	Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Governance Risk and Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Governance Risk and Audit Committee responsibility 	Audit Results Report, Governance Risk and Audit Committee (December 2022)




Appendix B

Required communications with the Governance Risk and Audit Committee (continued)

		Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report, Governance Risk and Audit Committee (December 2022)
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Plan - September 2022 - Governance Risk and Audit Committee; and</p> <p>Audit Results Report, Governance Risk and Audit Committee (December 2022)</p>
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report, Governance Risk and Audit Committee (December 2022)
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Governance Risk and Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Governance Risk and Audit Committee may be aware of 	Audit Results Report, Governance Risk and Audit Committee (December 2022)

Appendix B

Required communications with the Governance Risk and Audit Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit Results Report, Governance Risk and Audit Committee (December 2022)	
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report, Governance Risk and Audit Committee (December 2022)	
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report, Governance Risk and Audit Committee (December 2022)	
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report, Governance Risk and Audit Committee (December 2022); and Auditor's Annual Report - November 2022	
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit Plan - September 2022 - Governance Risk and Audit Committee; and Audit Results Report, Governance Risk and Audit Committee (December 2022); and	
Value for Money	<ul style="list-style-type: none"> ▶ Risks of significant weakness identified in planning work ▶ Commentary against specified reporting criteria on the VFM arrangements, including any exception report on significant weaknesses. 	Audit Plan - September 2022 - Governance Risk and Audit Committee; Audit Results Report, Governance Risk and Audit Committee (December 2022); and Auditor's Annual Report - November 2022	

Additional audit information

Objective of our audit

Our objective is to form an opinion on the Council's financial statements under International Standards on Auditing (UK) as prepared by you in accordance with with International Financial Reporting Standards as adopted by the EU, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Governance Risk and Audit Committee. The audit does not relieve management or the Governance Risk and Audit Committee of their responsibilities.

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the financial statements. Reading other information contained in the financial statements, the Governance Risk and Audit Committee reporting appropriately addresses matters communicated by us to the Governance Risk and Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

Additional audit information (continued)

Other required procedures during the course of the audit (continued)

Procedures required by the Audit Code	<ul style="list-style-type: none"> ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement. ▶ Examining and reporting on the consistency of consolidation schedules or returns with the Council's audited financial statements for the relevant reporting period (WGA Return).
Other procedures	<ul style="list-style-type: none"> ▶ We are required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

We have included in Appendix B a list of matters that we are required to communicate to you under professional standards.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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ED None

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PROGRESS AND FOLLOW UP REPORT ON INTERNAL AUDIT ACTIVITY: 1 APRIL 2022 TO 16 SEPTEMBER 2022

Summary:

This report examines the progress made between 1 April 2022 to 16 September 2022 in relation to delivery of the Annual Internal Audit Plan for 2022/23 and provides details of any outstanding internal audit recommendations.

Conclusions:

The report contains an update on progress against the Internal Audit Plan for 2022/23 and progress against the completion of internal audit recommendations.

Recommendations:

It is recommended that the Committee receives internal audit progress and progress against internal audit recommendations within the period covered by the report.

Cabinet member(s):
All

Ward(s) affected:
All

Contact Officer, telephone number, and e-mail:

Faye Haywood
01508 533873
faye.haywood@southnorfolka.nbroadland.gov.uk

1. Background

1.1. This report reflects progress made regarding internal audits for the agreed 2022/23 plan approved by GRAC in March 2022, and details the progress against implementation of internal audit recommendations.

2. Overall Position

2.1. The overall position in relation to the 2022/23 Internal Audit Plan and any outstanding internal audit recommendations is within the attached report.

2.2. 3. Conclusion

3.1 The 2022/23 Internal Audit Plan of work is underway, with final reports provided and an update on progress against the implementation of internal audit recommendations.

4. Recommendation

4.1 It is recommended that the Committee receives internal audit progress within the period covered by the report and updates provided in relation to any outstanding internal audit recommendations.

Appendices attached to this report:

Internal Audit Activity – Progress and Follow Up Sept 2022

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Eastern Internal Audit Services



North Norfolk District Council

Internal Audit Update – Progress and Follow Up

Period Covered: 1 April 2022 to 16 September 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 requires 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.
- 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 Indicator outcomes to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 Since the plan’s approval in March 2022, the following significant change has been made to the plan.

Audit	Change
NN2305 – Accounts Payable	A new finance system is currently being implemented and this is due to go live around mid-November 2022 when the audit was originally scheduled. The project demands significant amounts of finance team time and resources. It is therefore agreed that the team would be unable to support an audit of Accounts Payable at this time. A full in-depth audit will instead be carried out in 2023/24. We will carry out key controls testing of this area in quarter four once the new system is in place and embedded.

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 26 days of programmed work have now been completed, equating to 16% of the Internal Audit Plan for 2022/23.

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, one report (as scheduled) has been issued in final for ‘NN2303 Corporate Health and Safety’. The audit has concluded in reasonable assurance, with one important and five needs attention recommendations being raised. In addition, one operational effectiveness matter has been proposed to management for consideration. The Executive Summary of this report is attached at **Appendix 2**, full copy can be requested by Members.
- 4.5 Quarter two work is in progress. Draft reports are expected no later than 10 working days after quarter end.

5. FOLLOW UP OF AGREED AUDIT RECOMMENDATIONS

- 5.1 In addition to providing the Committee with the performance of internal audit relative to its plan, the Public Sector Internal Audit Standards also require the Chief Audit Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action.
- 5.2 To comply with the above this report includes the status of agreed actions.
- 5.3 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to the Committee. Verification work is also undertaken for those recommendations that are reported as closed.

- 5.4 **Appendix 3** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken and identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round. A total of 16 important and nine needs attention priority recommendations are currently outstanding.
- 5.5 **Appendix 4, 5 and 6** provide the committee with details of urgent and important priority recommendations that are overdue by the year in which they were raised. Management responses and a new deadline have been indicated for each where available.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 1											
Corporate Health and Safety	NN2303	10	10	10	Final report issued on 5 September 2022.	Reasonable	0	1	5	1	September 2022
TOTAL		10	10	10							
Quarter 2											
Pier Pavilion	NN2311	8	8	5	Fieldwork underway.						
Building Control	NN2313	8	8	5	Fieldwork underway.						
TOTAL		16	16	10							
Quarter 3											
Corporate Governance	NN2301	8	8	0							
Risk Management	NN2304	6	6	0							
Accounts Payable (Insurance)	NN2305	12	0	0	Audit Deferred to 2023/24.						
Council Tax and NNDR	NN2306	15	15	0							
Local Council Tax Support and Housing Benefits	NN2307	15	15	0							
Legal Services	NN2309	10	10	1	APM (Audit Planning Memorandum) issued on 12 July 2022. Fieldwork due to start on 20 September 2022.						
Property Services Operational	NN2310	10	10	0							
TOTAL		76	64	1							
Quarter 4											
Key Controls and Assurance	NN2302	10	10	0							
Payroll and HR	NN2308	12	12	0							
Economic Growth	NN2312	10	10	0							
Development Management includes planning applications	NN2314	10	10	0							
TOTAL		42	42	0							
IT Audits											
Applications review: Finance System Upgrade	NN2315	10	10	0							
Disaster Recovery	NN2316	10	10	0							
TOTAL		20	20	0							
Follow Up											
Follow Up	N/A	10	10	5							
TOTAL		10	10	5							
TOTAL		174	162	26			0	1	5	1	
Percentage of plan completed				16%							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARY

Executive Summary






OVERALL ASSESSMENT





ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurances were provided over the following risks – “Health and safety is ineffectively managed within the organisation, leading to unsafe working practices and harm and or personal injury.” The Corporate Risk Register refers to ‘CR 001 Deteriorating/ underused property assets’.

KEY STRATEGIC FINDINGS

-  There is not currently an inspection programme to enable monitoring of which inspections have been completed at which properties, and which are still due.
-  The Health and Safety Policy and associated handbook and procedures are in need of review and update, where applicable, to ensure they are reflective of current practices.
-  A Health and Safety Coordinators Group, with representatives from each service area, meets on a quarterly basis. However, there are not written terms of reference for the group.
-  Training provided should be reviewed to ensure that it is appropriate for officers with additional responsibilities. Attendance also needs to be monitored to ensure all key staff have received training.
-  Completed home working DSE risk assessments are not shared with the Health and Safety team so that they can be reviewed, action taken and monitored for when they are next due.

GOOD PRACTICE IDENTIFIED

-  There are corporate groups for Health and Safety and First Aid, which meet on a quarterly basis to share information, training, and best practice.
-  All accidents and incidents are logged on the environmental health system. They are reviewed by a Health and Safety officer and investigated as required.

SCOPE

An audit of Corporate Health and Safety controls has been completed to establish the robustness of the H&S management system including procedures, reporting of incidents/accidents/near misses, H&S Boards, staff training and risks assessments.

ACTION POINTS

Urgent	Important	Needs attention	Operational
0	1	5	1

Findings



Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Page 69	Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework	There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1, 2, 3, 4, & 5	-
RM	Risk Mitigation	The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	Compliance	Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	6	-

Other Findings



Governance Framework - There are designated Health and Safety Coordinators within each service, who are responsible for providing a point of reference and disseminating information about health and safety.



Governance Framework - The Council has 20 first aid trained staff, who meet as a group on a quarterly basis to discuss any incidents, issues and training. A weekly schedule is maintained of which first aiders are in the building each day.



Risk Mitigation - A risk relating asset condition has been recorded on the Corporate Risk Register. This has a score of 6, as of May 2022, with mitigations recorded including asset condition surveys, compliance policies and compliance works being undertaken in a timely fashion. Progress with mitigating this risk is monitored through the corporate risk management process.



Compliance - Completed property inspections are recorded against the asset on the property management system. Any actions required to rectify defects arising from inspections are logged on the Property Services helpdesk so that they can be prioritised and followed up to completion.



Compliance - Accidents and incidents are reported to the Corporate Health and Safety team for review and investigation, in accordance with the Accident Reporting and Investigation Policy. All incidents are logged on the M3/Assure system, along with details of investigative work and outcomes.



Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	Not in place	-	OEM 1
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	Out of scope	-	-
	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

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Other Findings



Resilience - The Council has designated fire wardens to monitor escape routes and equipment, and assist with evacuations. Temporary fire arrangements have been put in place due to hybrid working and there being fewer staff in the building. Under the new arrangements, staff use swipe cards to sign in and out of the building, so a record can be maintained. These arrangements are being reviewed to check that they are sufficient in the event of an evacuation. A weekly schedule of which first aiders are in the office is also maintained, to ensure that first aid is available if required.

APPENDIX 3 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed bt 1 April 2022 to 16 September 2022			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
Audit Ref	Audit Area	Assurance Level													
2019/20 Internal Audit Reviews															
NN2004	S106 Agreements	Reasonable					4					4			
NN2005	Accountancy Services	Substantial						1				1			
NN2006	Accounts Receivable	Reasonable						2				2			
NN2009	Planning and Development	Reasonable					2					2			
NN2017	GIS Application	Reasonable		1	3		1					1			
2020/21 Internal Audit Reviews															
NN2107	Procurement Contract Management	Position Statement					2					2			
2021/22 Internal Audit Reviews															
NN2203	Performance Management, Corporate Policy and Business Planning	Reasonable						1				1			
NN2205	Project Management Framework	Reasonable			1							0			1
NN2201	Annual Governance Statement	Reasonable		1	2							0			
NN2209	Covid-19 Business Grants	Reasonable		2								0			
NN2210	Customer Services	Substantial								1		1			
NN2207	Accounts Receivable	Substantial						2				2			
NN2204	Counter Fraud and Corruption	Limited	1	1	1							0		3	
NN2206	Accountancy Services	Substantial									1	1			
NN2216	Change Control and Patch Management	Reasonable		2	3							0			
NN2212	Environmental Charter	Reasonable		1								0		1	3
NN2213	Waste Management	Reasonable								2		2		1	2
NN2202	Key Controls and Assurance	Reasonable								4		4			
NN2214	Environmental Health	Reasonable		1						1		1		1	2
NN2208	Income	Reasonable		2				1				1			
2022/23 Internal Audit Reviews															
NN2303	Corporate Health and Safety	Reasonable										0		1	5
TOTALS			1	11	10	0	9	7	0	7	2	25	0	7	13

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 S106 Agreements	Recommendation 1: Individual obligations and triggers from S106 agreements are recorded and monitored on a systematic basis, by a designated officer.	Important	Head of 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 S106 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.	Important	Head of Planning	30/04/2020	30/09/2022	4	Outstanding	Please see comment above.
NN2004 S106 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.	Important	Head of Planning	31/01/2020	30/09/2022	5	Outstanding	Please see comment above.
NN2004 S106 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.	Important	Head of Planning	31/01/2020	30/09/2022	5	Outstanding	Please see comment above.
NN2009 Planning and Development	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.	Important	Head of Planning; Development Manager	31/10/2020	31/03/2023	5	Outstanding	This action needs to be informed by Questionnaire feedback and agreed actions under the Planning Service Improvement Plan.

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2009 Planning and Development	Recommendation 4: Monthly reconciliations of planning fee income be reinstated and subject to independent review.	Important	Head of Planning; Head of Finance	01/04/2020	31/01/2023	5	Outstanding	Pending software review to enable process.
NN2017 GIS Application	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 .	Important	ICT Applications Manager	01/05/2020	31/10/2022	6	Outstanding	Recruitment now underway for a GIS Support Officer to improve resilience and succession planning.

APPENDIX 5 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2107 Procurement and Contract Management	That 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.	Important	Chief Technical Accountant	30/09/2021	30/04/2023	4	Outstanding	This has been brought in-scope for the new Finance System that is due to be implemented by April 2023. The Procurement Officer is currently undertaking a review using a more manual process. Therefore, I suggest the due date be amended to April 2023. We will continue in the meantime with manual processes.
NN2107 Procurement and Contract Management	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.	Important	Civil Contingencies Manager/ Director of Resources	31/08/2021	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.

APPENDIX 6 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2213 Waste Management	Recommendation 1: 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.	Important	Director of Communities	29/07/2022	31/01/2023	1	Outstanding	The updating of the Inter Authority Agreement (IAA) has been raised at Director level within the three Councils party to the contract. It has been agreed that the principles within the original IAA remain valid and that these should be updated to reflect the operational status of the contract. The physical updating of the IAA is yet to be completed as the Authorities have been focussed on the delivery of the Target Operating Model for collections and ensuring performance of the contract provisions.
NN2213 Waste Management	Recommendation 2: 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.	Important	Environmental Services Manager	29/07/2022	30/11/2022	1	Outstanding	Compliance with the complaints procedure has been raised with Serco at the Contract Management Board. Discussions have also taken place at an operational level between the Environmental Services Manager and Serco's Operations Manager and we are waiting for evidence from Serco in respect of their compliance. The focus has been on managing performance of the contract given the busy summer season and the introduction of the Target Operating model for North Norfolk
NN2202 Key Controls and Assurance	Recommendation 1 - The daily Council tax and NNDR reconciliations be updated and independently reviewed and completed regularly thereafter.	Important	Group Accountant	29/07/2022	31/12/2022	1	Outstanding	NNDR and Council Tax Reconciliation work is still undertaken within the exchequer section. We continue to investigate where this best sits to ensure resilience moving forward.
NN2202 Key Controls and Assurance	Recommendation 2 - The monthly Council Tax and NNDR reconciliations be prepared promptly after month end.	Important	Group Accountant	29/07/2022	31/12/2022	1	Outstanding	This work is still currently being undertaken by the Exchequer section, although it is hoped that it can be transferred to System Admin in the longer term to ensure resilience. We have slipped the estimated completion date to December 2022 as we are currently working on the Finance system

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
								implementation and anything sooner would be unrealistic.
NN2202 Key Controls and Assurance	Recommendation 4 – All monthly bank reconciliations to be completed and reviewed promptly at the end of each month.	Important	Group Accountant	29/07/2022	31/12/2022	1	Outstanding	As part of the new finance system implementation we are looking at how we can integrate the bank reconciliations process. This hopefully will offer a more robust alternative to our current process. Automating processes should also ensure that these reconciliations can be achieved more timely after the period end.
NN2202 Key Controls and Assurance	Recommendation 3 – North Norfolk DC to ensure it receives 40% of income from the issuing Penalty Charge Notice (PCN) as per the terms of the contract with Council of Kings Lynn & West Norfolk and this can be clearly evidenced.	Important	Group Accountant	25/05/2022	30/09/2023	1	Outstanding	At this time, we have no independent way of checking income generated from Penalty Charge Notices as they do not form part of the car park software. Looking into how we could independently verify this information is something that we would be prepared to do, however it is not something that we would have the capacity to take on in the short to medium term. Based on this, at this moment in time, the Council has to accept the associated risk.
NN2214 Environmental Health	Recommendation 2: The Council to ensure that all licence fee income has been correctly accounted for and that there is agreement between Assure and eFinancials.	Important	Environmental Services Manager and Public Protection & Commercial Manager	30/06/2022	31/12/2022	1	Outstanding	Northgate are still working on the solution. We are having regular meetings with them. A workaround has been developed as a temporary solution and resource is being utilised in this area to ensure that payments received correspond correctly with the data on our system. This is a national problem with the software and not just specific to NNDC.

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Monitoring Officer Annual Report 2021/2022

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2 The Monitoring Officer's Work 1 April 2021– 31 March 2022

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5 Overall opinion on the adequacy and effectiveness of the Governance framework

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Monitoring Officer Annual Report 2021/2022

1. Introduction

1.1 The Monitoring Officer's Annual Report summarises the more important matters arising from the Monitoring Officer's work for the Council from 1 April 2021 to 31 March 2022 and comments on other current issues. This report is prepared by the Monitoring Officer appointed by Full Council on 24 February 2021.

1.2 Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. It is founded on the fundamental principles of openness, integrity and accountability together with the overarching concept of leadership. In this respect, North Norfolk District Council recognises the need for sound corporate governance arrangements and has put in place policies, systems and procedures designed to achieve this.

1.3 The Monitoring Officer is appointed under Section 5 of the Local Government and Housing Act 1989 and has a number of statutory functions in addition to those conferred under the Local Government Act 2000 and subsequent regulations governing local investigations into Member conduct. These are outlined in the next section of the report.

2. The Monitoring Officer’s Work April 2021 – March 2022

Duties	Work undertaken
<p>(a) Maintaining a lawful position for the Council and reporting on contraventions or likely contraventions of any enactment or rule of law including fraud.</p>	<p>The Monitoring Officer during the period 1 April 2021 to 31 March 2022 is a member of the Management Team. Management Team and the Corporate Leadership Team met separately and together.</p> <p>The Council’s in house legal team, eastlaw, provides advice and assistance to officers throughout the Council and reports to the Monitoring Officer on any areas of concern in relation to lawfulness and compliance with the Council’s protocols and processes. The Monitoring Officer has appointed a deputy.</p> <p>The Monitoring Officer and her staff have attended meetings and provided advice to officers and Members at an early stage, including seeing relevant reports to committee. The Monitoring Officer also requires appropriate recording of delegated authority to evidence compliance with the Constitution.</p> <p>eastlaw assesses and responds to changes in the legal framework. This has included advising and assisting at remote hearings in line with the relevant statutory provisions. During the first two months of this report, restrictions were in place, with reference to the Covid-19 pandemic and attendance at Council meetings. This resulted in there being ‘remote meetings’ of the Council, with participants attending via virtual video conferencing. The Council had embraced this, and with the support of the Democratic Services and IT Teams in particular, the Council’s meetings were broadcast via the NNDC e-Democracy YouTube channel, bringing wider access to meetings of the Authority. As the Covid-19 situation improved, restrictions were lifted. This has had an impact upon the Council. In May 2021, regulations no longer supported remote meetings and the Council returned to in-person meetings. Although the position reverted to the requirement for those participating in a meeting to attend in person, the Council has retained the broadcasting element from the earlier period, thereby enhancing openness, transparency and engagement with local democracy.</p>

In the year 2021/2022, North Norfolk District Council received and processed 605 requests for information under the Freedom of Information Act 2000 and Environmental Information Regulations 2004 access regimes. See **Appendix A**.

The Freedom of Information Act 2000 details the Monitoring Officer as a 'qualified person' to give a reasonable opinion under section 36 of the Act. That section provides an exemption from providing information where there is a likelihood that doing so would be likely to prejudice the effective conduct of public affairs. No such opinion was sought or provided during this period.

Of the 605 requests processed, 8 requests were received for an internal review of either the handling of the request or refusal to disclose particular information. There was also 1 request where the applicant complained to the Information Commissioner's Office.

Under the UK GDPR and Data Protection Act 2018, individuals have various rights in respect of their data, one of which is to make a subject access request ["SAR"]. In 2021/22, North Norfolk District Council received and processed 21 SARs.

The Council has a process for dealing with any reported or alleged data breaches.

In early 2021, the Investigatory Powers Commissioner's Office undertook a remote inspection of the Council's conduct with reference to powers of directed surveillance and Covert Human Intelligence Sources, and any recommendations have been addressed and incorporated into the Council's policy. The Council's Policy relating to the Regulation of Investigatory Powers Act 2000 ["RIPA"] was updated in September 2021. The Monitoring Officer acts as 'gatekeeper' under this policy and provides advice, where necessary to officers applying for RIPA applications. One RIPA application was made, during this period, and was authorised by a District Judge (Magistrates' Court).

The Whistleblowing Policy has been updated. The Monitoring Officer has a key role as a 'responsible officer' to whom disclosures may be made, concerning the public interest, which relate to impropriety or unlawful activity within the Council.

There has been no occasion where the Monitoring Officer had reason to believe that there was a likelihood that there had been or was likely to be a decision that was unlawful or would give rise to maladministration. Accordingly no reports under section 5(2) of the Local Government and Housing Act 1989 have been issued.

<p>(b) Report any findings of maladministration causing injustice where the Ombudsman has carried out an investigation.</p>	<p>The Monitoring Officer reviews any complaints where the Ombudsman has upheld the complaint. Appendix B shows complaints made to the Ombudsman during this period and the outcome. The Ombudsman upheld one of the complaints made in the financial year 2021/2022, with reference only to that part of the complaint which related to delay in the Council's response. An apology had already been provided and no additional remedy or steps were imposed.</p>
<p>(c) Establish and maintain the Register of Member's interests and gifts and hospitality.</p>	<p>Members are required to provide a register of interests and keep such up to date. This is the responsibility of each individual Member, but Members are reminded about this requirement quarterly, and in April prior to the Annual Meeting.</p> <p>The Register of Members' Interests is publicised on the Council's website. The Registers are available for inspection at the Council's offices. The Council also holds the Register of Interests for Town and Parish Councils in the district.</p> <p>During some of the year 2021/2022, the country continued to experience restrictions in work, socialising and social events due to the pandemic. The Code of Conduct and guidance sets out the requirements for Members as to gifts and hospitality. There are two entries relating to gifts/hospitality for this period, listed at Appendix C.</p>
<p>(d) Maintain Register of Employees gifts and hospitality.</p>	<p>The Register is updated regularly. The Constitution contains information with regard to accepting, declining and recording gifts and hospitality. For some of the financial year covered in this report, there have been restrictions in work, socialising and events. Whereas in previous years, where the country was not subject to restrictions, there have been around 20 such entries. This financial year shows 11 entries. A copy appears at Appendix D.</p>
<p>(e) Investigate misconduct in respect of District, Parish and Town Councillors under the Code of Conduct.</p>	<p>The Model Code of Conduct had been drafted following recommendations by the Committee on Standards in Public Life. It was designed to protect the democratic role, promote good conduct and safeguard the public's trust in local government. As with the previous Code, it is based upon the Nolan Principles and aims to be widely adopted nationally by councils.</p> <p>Following its adoption by Full Council, Members received training on the new Code and a copy of the accompanying guidance to the Code. The new model Code of Conduct was adopted by Full Council in July 2021 and any complaints about Member Conduct then fell to be considered under this new Code. The Council's Protocol on Member/Officer Relations has been updated and is relevant in judging compliance with the Code of Conduct.</p>

	<p>Between April 2021 and March 2022, a total of 23 Code of Conduct complaints were received. Twenty complaints relate to parish/town councils and four relate to the District Council (there was one complaint which covered both tiers). This compares to 20 complaints from the previous year relating to district, parish and town councils.</p> <p>On receipt of a complaint about Member Conduct, the Monitoring Officer conducts an initial assessment to determine if the matter warrants any further action, such as a formal investigation. The Monitoring Officer liaises with the Council's Independent Person in this process.</p> <p>The most common reason for complaints continues to be alleged bullying and disrespect to others. The majority of complaints were assessed as requiring no further action. Sometimes this has been accompanied by some informal recommendations or guidance to improve governance. Two parish council matters were referred for investigation during the year 2021/2022. The Standards Committee did not sit to consider any alleged Code of Conduct breach during this period.</p> <p>The Localism Act 2011 places significant importance on registering interests, especially disclosable pecuniary interests and Members are regularly reminded of the need to keep their register of interests up to date.</p> <p>Members have sought advice in order to comply with the Code of Conduct, including in relation to declaring interests under the Code and matters relating to dispensations. A flowchart and guidance note has been added to agenda papers for Council meetings to assist Members with information about when they may need to declare an interest.</p>
(f) Investigate breaches of the Council's own protocols.	<p>There have been no alleged breaches of the Council's own protocols in the year 2021/2022. The Council was, however, informed of an alleged breach in 2019 which related to the completion of a procurement exemption form. This was subject of a complaint to the police, was investigated, and no criminality was identified. The Council's external auditors also considered this matter and in 2021/2022 published their findings and recommendations within their report for the year 2019/2020. All recommendations have been addressed in the Council's management response to that report.</p>

<p>(g) Provide advice to Town and Parish Councils on the interpretation of the Code of Conduct.</p>	<p>The Monitoring Officer, and her staff, have provided advice to Parish Councils, particularly via their clerks, on the Standards and Code of Conduct Arrangements during 2021/22 via telephone and email.</p> <p>The Monitoring Officer (and her staff) have provided advice and assistance to a number of parishes through interventions to raise standards and deal with complaints.</p> <p>The Town and Parish Forum meets quarterly and consists of key District Council officers, Members, in addition to clerks, parish/town Members and a representative from the Norfolk Association of Local Councils. This provides an opportunity to provide general information relating to the Code of Conduct.</p>
<p>(h) Promote and support high standards of conduct through support to the Standards Committee.</p>	<p>The Standards Committee supported the new Code of Conduct which was then adopted by Full Council. The Independent Person has provided valued input into the Code of Conduct procedures, providing an independent perspective to the Monitoring Officer, and also providing assistance to Members who have been the subject of a complaint.</p> <p>The Independent Person, having reached the end of his tenure, will be leaving the role once the Council has completed its recruitment process for two Independent Persons. It is anticipated that having two, rather than one, Independent Person will provide resilience and added support to the Standards Committee and the Council.</p>
<p>(i) Compensation for maladministration.</p>	<p>There have been no cases of compensation</p>
<p>(j) Maintenance and review of the Constitution.</p>	<p>The Constitution has been revised and updated during the year with the input of the Constitution Working Party. The Constitution has had minor updates, and updates relating to specific sections, but has not had a complete review for around 10 years. This task will need to be undertaken.</p>
<p>(k) Responsibility for complaints made under the Council's Whistleblowing and Anti-Fraud policies.</p>	<p>The Council's Counter Fraud Corruption and Bribery Strategy aims to increase staff and Member awareness and to minimise likelihood of losses to the public purse through fraud and corruption. As with the Whistleblowing Policy, it recognises that staff and Members are important in tackling any wrongdoing and respects confidentiality where concerns are raised. Further internal controls include a requirement that the Council, when dealing with outside organisations, manages its transactions in</p>

	<p>accordance with the Council's Contract Procedure Rules set out in the Constitution. Where there are exemptions to the usual procurement procedures there is a requirement to keep a proper record of this.</p> <p>The Council's Whistleblowing Policy was updated. It provides a confidential procedure for employees to report concerns which impact upon the public interest. The Monitoring Officer has not received any whistleblowing complaint in this period.</p> <p>Employees are made aware of the anti-fraud policies and their ability to report through the Council's intranet and team briefings.</p> <p>The Council dealt with applications for 'Covid grants'. Anti-fraud checks were completed to avoid payments being wrongfully distributed.</p> <p>There have been no reports of fraud for the year 2021/2022.</p> <p>It is understood that a report was made to the police who undertook an investigation relating to the previous year (2019/2020) concerning an exemption certificate. During the year 2020/2021 the Council was updated on this investigation. No criminality was identified. The Council's auditors also looked into this matter and the Council was updated during the year 2021/2022. The auditors published their findings and recommendations (within their report for the years 2019/2020). All recommendations have been addressed in the Council's management response to that report.</p>
(l) Breaches of the Employee Code of Conduct.	<p>Employees are reminded through the Council's internal communications regarding business practice and ethical behaviour. The Constitution sets out the Employee Code of Conduct and provides links to associated policies and procedures, setting out the standards of behaviour expected by the Council. These policies and disciplinary procedures are managed by the Council's HR team.</p> <p>In the year 2021/2022, the Employment and Appeals committee has not met to consider any disciplinary matter.</p>
(m) Advice on vires issues, maladministration, financial impropriety, probity and policy framework.	<p>The Monitoring Officer has been consulted on matters, which have potentially significant legal implications.</p> <p>The Monitoring Officer met regularly with the Chief Financial Officer and the Chief Executive.</p>

	<p>The financial statements are subject to a robust governance process through the Committee cycle.</p> <p>The Monitoring Officer and her staff have attended Council and other Committees as necessary.</p> <p>Officers consult the Monitoring Officer regularly on vires and probity issues.</p> <p>The Monitoring Officer works closely with the Chief Financial Officer, the Management Team and the Corporate Leadership Team to ensure probity in the organisation.</p> <p>The Monitoring Officer regularly advises on the legality and/or appropriateness of administrative procedures, in conjunction with the Democratic Services Team.</p>
(n) Exemptions to contract standing orders	<p>7 exemptions (Appendix E) have been recorded and allowed this year, mainly in relation to specialist services where there is only one supplier/no acceptable alternative, an identified and permitted exemption under the Constitution.</p> <p>Contract Procedure Rules and processes relating to exemptions were updated and communicated to officers</p>
(o) actual or potential litigation or claims that would have a significant effect on the entity or a material impact on the financial statements	None identified for the year 2021/2022

3. Key Messages

3.1 The key messages to note from the year are:

- (i) The Constitution has been and will continue to be maintained and updated.
- (ii) The Whistleblowing policy has been updated.
- (iii) A new Member Code of Conduct is has been adopted by the Council and Member training on the new Code was delivered.
- (iv) The Protocol on Member/Officer Relations has been updated in the Constitution

4. Looking Forward

4.1 The key issues for 2022/2023 are as follows;

- Any actions arising from internal and external audits will need review and implementation
- The Council, through its Town and Parish Forum will look to promote adoption of the new Model Code of Conduct
- The local elections are due to take place in May 2023, with prospective candidates events taking place prior.
- The Constitution has not had a fundamental review for 10 years and such will need to be undertaken to ensure it is sufficiently clear and suitable for the present time and future.
- The advertisement and recruitment process of two Independent Persons (under the Localism Act 2011)
- The intended provision of an online updating facility for registration of Member interests
- Anticipated requirement for an Independent member to sit on the Governance Risk and Audit Committee

4.2 Code of Conduct

4.2.2 A new Member Code of Conduct has been adopted by the authority, based on the Local Government Association Model Code. Training has been provided. Members will continue to receive regular reminders to keep their register of interests up to date. An online facility for register of interest updates is planned.

4.3 Corporate Governance Framework

4.3.1 The Monitoring Officer will continue to provide an assurance in respect of the Code and the Annual Governance Statement by way of this Annual Report.

4.4 Constitution and Regulations

- 4.4.1 The Constitution will continue to be kept under review by the Monitoring Officer working closely with the Democratic Services Team and the Constitution Working Party. The Constitution has had interim updates and it is now a suitable time for a more fundamental review.
- 4.4.2 It will be appropriate to continue to remind Members and staff of the importance of compliance with the Council's regulations, as set out in the Constitution and other policy framework documents, and the Monitoring Officer and other staff will provide advice accordingly.

5. Overall opinion on the adequacy and effectiveness of the Governance framework

The Monitoring Officer confirms that she is not aware of;

- Any breaches of, or deficiencies in, internal control during 2021/2022 in respect of fraud or compliance with relevant legal provisions that could have a significant effect on the entity or a material impact on the financial statements;
- Any actual, suspected or alleged frauds or breaches of legislative requirements during 2021/2022;
- Any excessive or undue pressure to meet financial or operating targets that may unduly influence the actions of either those charged with governance or Management;
- Any actual or potential litigation or claims that would have a significant effect on the entity or a material impact on the financial statements;
- Any circumstances that would call into question the preparation of the financial statements on an ongoing basis.

Subject to the information and areas outlined above, the systems of internal control administered by the Monitoring Officer including the Code of Conduct and the Council's Constitution, appear adequate during the year between April 2021 and March 2022.

Cara Jordan
Monitoring Officer
15 September 2022

APPENDIX A – Information Rights Requests

Request	Total
Number of Requests (Freedom of Information Act 2000/ Environmental Information Regulations ["FOI" & "EIR"])	605
Number of Internal reviews (FOI & EIR)	8
Number of appeals to the Information Commissioner's Office (FOI)	1
Number of FOI requests where the exemption under S.36 FOI was applied (reasonable opinion of qualified opinion)	0
Number of Subject Access Requests under the UK-GDPR & Data Protection Act 2018	21

APPENDIX B –Complaints to the Ombudsman

Category	Decided	Decision	Decison Reason	Remedy
Planning & Development	13/04/2021	Closed after initial enquiries	No worthwhile outcome achievable by investigation	
Planning & Development	25/02/2022	Upheld	mal & inj - no further action, BinJ already remedied	
Benefits & Tax	20/04/2021	Closed after initial enquiries	26(6)(a) tribunal Other	
Benefits & Tax	27/04/2021	Referred back for local resolution	Premature Decision - advice given	
Planning & Development	22/07/2021	Closed after initial enquiries	Not warranted by alleged injustice	
Planning & Development	31/07/2021	Closed after initial enquiries	26(6)(b) appeal to Minister	
Adult Care Services	07/03/2022	Not Upheld	no mal	
Housing	26/10/2021	Referred back for local resolution	Premature Decision - referred to BinJ	
Corporate & Other Services	16/09/2021	Referred back for local resolution	Premature Decision - advice given	
Benefits & Tax	03/11/2021	Closed after initial enquiries	26B(2) not made in 12 months	
Benefits & Tax	12/01/2022	Closed after initial enquiries	26B(2) not made in 12 months	

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APPENDIX C – Register of Member Gifts and Hospitality

Date	Name of Member	Person offering gift or hospitality	Description of gift/hospitality	Accepted or declined?
06.09.2021	Cllr Sarah Butikofer	High Sheriff	Reception - 6 September	Accepted
29.9.2021	Cllr Sarah Butikofer	Flagship Housing Group	Dinner in Suffolk with Overnight Accommodation - Flagship partners conference event	Accepted

APPENDIX D – Register of Officer Gifts and Hospitality

Date	Name of officer (where a Chief Officer) or department	Name of person/organisation offering gift or hospitality	Description of gift/hospitality	Accepted or declined?
28.4.2021	Planning Enforcement	Individual	Book £16.99	Accepted
14.7.2021	PA Team member	Cromer Pier	2 tickets for Show on 19 July 2021	Accepted
14.7.2021	PA Team member	Cromer Pier	2 tickets for Show on 19 July 2021	Accepted
26.7.2021	Environmental Health	Individual	Bag of Bonies & Dog Joint Supplements	Accepted
12.9.2021	PA Team member	Norfolk County Council	Chairman's Summer Reception - 4 September at How Hill	Accepted
6.9.2021	PA Team member	High Sheriff	Reception - 6 September	Accepted
29.9.2021	Steve Blatch	Flagship Housing Group	Dinner in Suffolk with Overnight Accommodation for their partners conference event	Accepted
29.10.2021	Property Team	Cromer Pier & Pavilion Theatre Box Office	Cromer Pier Christmas Show - 27 November 2021	Accepted
1.11.2021	Environmental Health	North Lodge Park	Cookery Book Gift (but officer will pay £10)	Accepted
22.11.2021	Human Resources	Birketts Solicitors	Dinner - EDP Business Awards - Thursday, 2 December 2021	Accepted
30.11.2021	Steve Blatch	Holkham Estate	Holkham Estate Meeting – 8 November 2021 and meal at The Victoria Pub	Accepted

APPENDIX E - Contract Procedure Rules Exemptions granted from 1 April 2021 to 31 March 2022

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Contractor	Type of Work	Amount	Exemption
C3	Contract extension for the provision of Contact Centre Software	£20,386.90 April 2021	It is not practical nor efficient to conduct an open tender in the timescales available. Prior commencement has not been possible due to the Covid 19 Pandemic The extension for 1 year is in line with the PPN that was issued for Covid – 19 procurements The Exemption is under 11.1 (a) For the supply of goods or services where there is only one supplier and no acceptable alternative, following consultation with the CFO/Procurement Officer.
Zurich	Council wide Insurance Contract	£300,702 June 2021	It is not practical nor efficient to conduct an open tender in the timescales available. Prior commencement has not been possible due to the Covid 19 Pandemic, discussions are ongoing at a county level to establish what appetite there might be for undertaking a joint procurement exercise. The extension for 1 year is in line with the PPN that was issued for Covid – 19 procurements. The Exemption is under 11.1 (a) For the supply of goods or services where there is only one supplier and no acceptable alternative, following consultation with the CFO/Procurement Officer.
About With Friends	Canteen Services	£15,000 June 2021	The Exemption is under 11.1 (a) For the supply of goods or services where there is only one supplier and no acceptable alternative, following consultation with the CFO/Procurement Officer.
Egbert Taylor	Big Belly Bins x 6	£27,936 Aug 2021	The supplier is the sole UK distributor for the product. As such, alternative suppliers are not available. Other similar products are not compatible with existing management systems.
Your Own Place	Delivery of bespoke	£36,000	For the supply of goods or services where there is only one supplier and no acceptable alternative

	training Tils++ around tenancy sustainment, employability, life skills, mentoring, coaching	March 2022	
Idox Entreprise	Acquisition of new S106 back-office and public facing system known as Exacom.	£66,688 March 2022	Only one supplier of this specific piece of software compatible with Idox Uniform planning back-office system exemption g listed below
Obligations Office	Software compatible with Idox Uniform - specialist providers with considerable experience at S106 data capture.	£17,193 March 2022	Only one supplier of this specific piece of software compatible with Idox Uniform planning back-office system – exemption (g)

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GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL REPORT 2021-22

Summary:	This report aims to provide the Council with an outline of the role, purpose and background of the Governance, Risk & Audit Committee, as well as a summary of the work undertaken throughout both the 2021-22 municipal year.
Conclusions:	Despite significant ongoing delays caused to the 2019/20 accounts sign-off and external audit process by issues beyond the Council's control, the Committee continued to meet its obligation to provide oversight of the Council's governance procedures, corporate risk and internal/external audits.
Recommendations:	It is recommended that Council notes the report, affirms the work of the Governance, Risk & Audit Committee, and considers any concerns raised within the report.
Reasons for Recommendations:	To inform Council of the work of the Governance, Risk and Audit Committee in 2021-22.
Cabinet member(s): All	Ward(s) affected: All
Contact Officer, telephone number, and e-mail:	Matt Stembrowicz, Democratic Services & Governance Officer, 01263 516047, Matthew.Stembrowicz@north-norfolk.gov.uk

1. Introduction – Role and Purpose of the Committee

- 1.1. The role of the Governance, Risk and Audit Committee is to provide oversight and monitor the governance, risk management and internal control arrangements of the Council, to provide independent assurance that these are effective and efficient. This is achieved through items received by the Committee in relation but not limited to; internal and external audit, key finance items, governance reviews and strategic risk management reporting.
- 1.2. The Terms of Reference (which have been updated to allow the Committee to sign off the Final Accounts) outline the purpose of the Committee in more detail:
- a) Internal Audit
 - To consider and approve annually the Internal Audit plan of work, considering the scope and depth of the work in addressing the Council's significant risks and issues.
 - To consider the outcomes of the internal audit plan of work and to monitor management's progress in implementing agreed audit recommendations.
 - To consider and approve the Annual Report and Opinion of the Head of Internal Audit, ensuring that the systems of internal control, governance and risk management have been effective and efficient over the course of the year.
 - To consider the performance of the internal auditors in relation to the adherence to the Public Sector Internal Audit Standards.
 - b) External Audit
 - To consider annually the External Audit plan of work.
 - To consider External Audit reports and letters.
 - c) Accounts / Finance
 - To consider the extent of the Council's compliance with its own and other published financial statements and controls.
 - To review and approve the annual Statement of Accounts and the Annual Governance Statement contained therein.
 - d) Risk Management
 - To review the strategic risks that the Council faces and ensure that these are being appropriately managed, monitored and mitigated.
 - e) Governance
 - To review the Council's arrangements for governance, with particular regard to the Local Code of Corporate Governance and the Financial and Contracts Procedure Rules.
 - To review the Council's arrangements to counter fraud and corruption, with particular regard to the policies on: Counter Fraud, Whistleblowing and Money Laundering.
 - To hold periodic private discussion with the Head of Internal Audit and the External Auditors to review working relationships and discuss any pertinent issues.
 - To commission ad-hoc work from internal and external audit.
 - To assess the Committee's own effectiveness on an annual basis against best practice.

2. Committee Background and Membership

2.1 The Committee was originally convened on 21st June 2006 as the Final Accounts Committee. It was established to allow a more robust discussion of the final accounts prior to their approval by Full Council. On 16th October 2006, the Committee met for the first time as the Audit Committee. Its remit was more far-reaching than accounts and included scrutiny of external and internal audit, risk management and internal control. On 6th September 2016, the Committee agreed to change its name to the Governance, Risk and Audit Committee to better reflect its function and the range of its oversight.

2.2 The membership of the Committee remained stable throughout the 2021-22 municipal year and was comprised of the following six Members:

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

2.3 Throughout 2021-22, apologies were given on seven occasions with six absences covered by substitutes, highlighting good communication from Committee Members and support from substitutes, when required.

3. Work of the Committee 2021-22

3.1 The Committee met six times during the 2021-22 municipal year, with additional meetings scheduled in March and April 2022 at the request of the Committee to consider additional reports. Across those meetings the following items of business were considered:

Governance

- Annual Governance Statement & Local Code of Corporate Governance 2020/21 (September 2021)
- Monitoring Officer's Annual Report 2020-21 (September 2021)
- Annual report on the work of the Governance, Risk and Audit Committee 2020-21 (September 2021)
- Local Government Ombudsman Annual Review (September 2021)
- Draft Procurement Strategy 2021-25 (September 2021)
- Updated Whistleblowing Policy (September 2021)
- Procurement Exemptions Report (Quarterly)
- Letter of Representation 2019/20 (March 2022)
- Updated Annual Governance Statement 2019-20 (March 2022)
- Desktop Review of Formal Employment Process (April 2022)

Risk Management

- Civil Contingencies Update (December 2021)
- Corporate Risk Register (Quarterly)

Internal Audit

- Progress report on Internal Audit Activity (Quarterly).
- Follow-up on Internal Audit Recommendations (Quarterly)
- Annual report and opinion 2020-21 and review of the effectiveness of Internal Audit (June 2021)
- CIPFA Self-Assessment (March 2022)

- Strategic & Annual Internal Audit Plans 2021-22 (June 2021)
- Strategic & Annual Internal Audit Plans 2022-23 (March 2022)

External Audit

- EY External Audit Plan 2019-20 (December 2021)
- External Audit Procurement Exercise (December 2021)
- EY Audit Results Report 2019-20 (March 2022)

Accounts / Finance

- Draft Statement of Accounts 2020-21 (September 2021)
- Review of Assets Register (September 2021)
- Final Statement of Accounts (2019-20 (March 2022)

4. Key Issues

- 4.1 Significant External Audit delays persist for NNDC and many other authorities across the country. This has caused significant disruption to the Committee's Work Programme and had an ongoing impact on the annual accounts sign-off process and a subsequent negative impact on the annual workload of the Finance Team. It should be noted that in an attempt to address these concerns, the External Audit Procurement Exercise undertaken in December 2021 sought to ensure that authorities be given the right to review their contracts, and request that KPIs for timeliness are included within these contracts.
- 4.2 Outstanding Internal Audit recommendations and historical audit recommendations remain a concern for the Committee with some dating back to 2018. The Committee remains pro-active in monitoring these long outstanding recommendations, with Internal Audit Recommendation Follow-Up reports now reviewed on a quarterly basis. Officers with responsibility for implementing outstanding audit recommendations have also been called-in to explain delays on several occasions.
- 4.3 The latest Fighting Fraud and Corruption Strategy highlighted an increasing threat of fraud related risks for all local authorities, and as a result a Consortium-wide internal audit resulted in a limited assurance grading for counter-fraud and corruption across all Internal Audit Consortium authorities. As a result, immediate management action was taken to address the Internal Audit recommendations including updating the Anti-Fraud Policy and undertaking a full risk-assessment, which were considered by the Committee in June 2022.

5. Conclusions

- 5.1. The Committee has continued to meet its obligations of providing oversight for matters of governance, risk, internal and external audit. It is hoped that the current process of procuring a new external audit contract through PSAA will address the significant delays and improve the overall service provided. Committee attendance has remained consistent, with several observers and Cabinet Members attending on a regular basis to discuss reports.
- 5.2. The commencement of quarterly consideration of procurement exemptions has greatly improved oversight and understanding of the Council's procurement processes and should provide Members and Internal Audit with an increased level of assurance.
- 5.3. It should be noted delays with the External Audit accounts sign-off process in earlier years relate to a disagreement in accounting practices between local

authorities and auditors. This has been resolved, however there remains a backlog of years to catch-up on. The 2019/20 accounts have been audited and were ready to be signed, however early in 2022 CIPFA announced proposed Code changes in relation to Infrastructure Assets, with no final agreement yet on the action required by authorities. NNDC has significant infrastructure assets in coastal defences and therefore has been affected by the proposed CIPFA Code change. Officers are currently working with external auditors to agree a resolution on Infrastructure Assets to allow the sign-off the 2019/20 accounts as soon as this is resolved.

- 5.4. In summary, by continuing to fulfil its role and identifying areas for improvement, the Committee has proven itself able to provide effective oversight for the Council, as well as continuing to improve its knowledge and subject area expertise. Looking forward, the Committee must continue to remain focused to help ensure that effective value for money, good governance and oversight of risk is maintained.

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Exemptions granted from 6 June 2022 to 6 September 2022

Date	Contractor	Type of Work	Amount (rounded to nearest pound)	Exemption
21/7/22	Policy In Practice	Supply of Poverty Dashboard-Low Income Family Tracker to assist with homelessness prevention and tackling poverty 2022 - 2023	£24,000	(g) for the supply of goods or services where there is only one supplier and no acceptable alternative;
21/7/22	C3	Development and set up fee. of an autonomous customer satisfaction survey as an enhancement to our existing customer services contact centre and CRM system.	£17,000	(c) of a proprietary type only available from a single supplier;
21/7/22	1 Advanced	Access to read-only copy of EFin for 7 years (to preserve access to finance data for audit and validation purposes)	£80,000	(c) of a proprietary type only available from a single supplier

Notes

- The previous period reported to GRAC was for the period 15 February 2022 to 5 June 2022. In that period 8 exemptions were reported to the Committee.
- The next reporting period to GRAC will follow on from the last reporting period.

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Corporate Risk Register

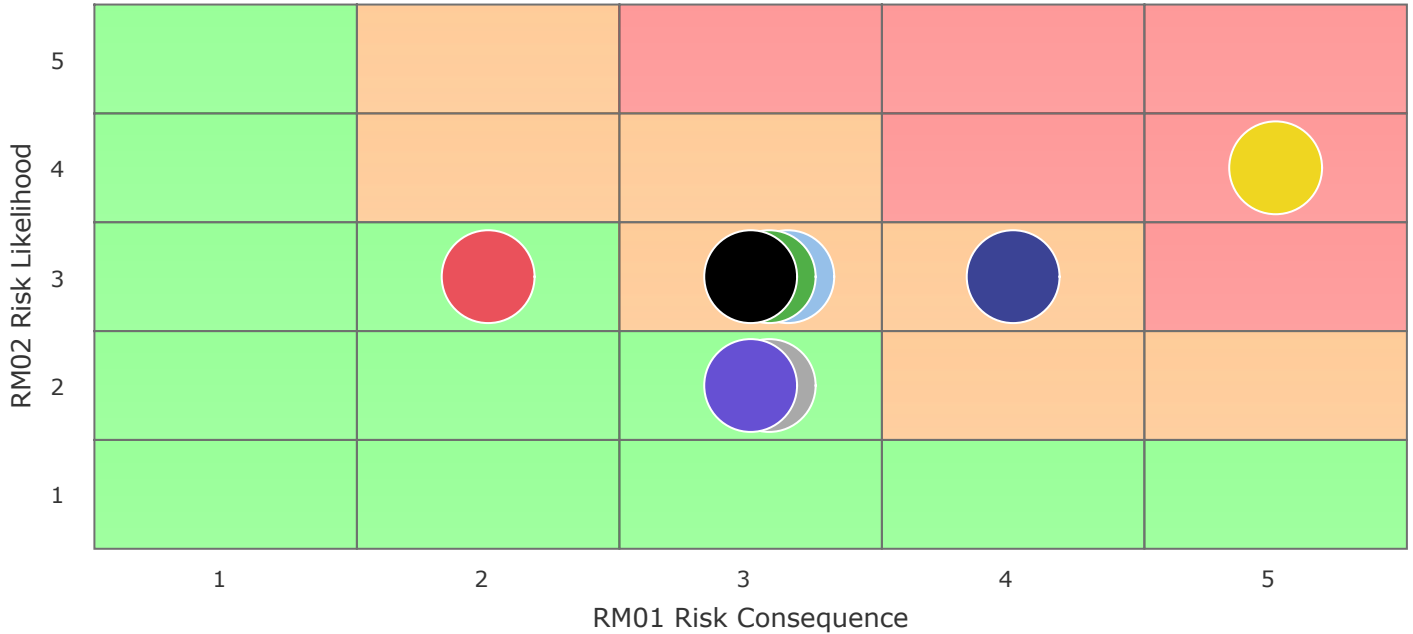
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Corporate Risk Register

Strategic Risk Matrix



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

Corporate Risk Register (CRR) overview update for Governance, Risk & Audit Committee (GRAC) – September 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 will be reviewed and updated over the next few months and reported to GRAC at its meeting in March 2023.

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 sits jointly with the statutory officers.

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. The Council's financial position remains quite healthy at the present time. However, the current high level of inflation and the implications this has in terms of cost control, particularly in respect of construction projects, energy costs and pay settlement, alongside growing demand for services and potentially reduced income, will require careful monitoring in the short to medium term.

Risk scoring key

Corporate Risks

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

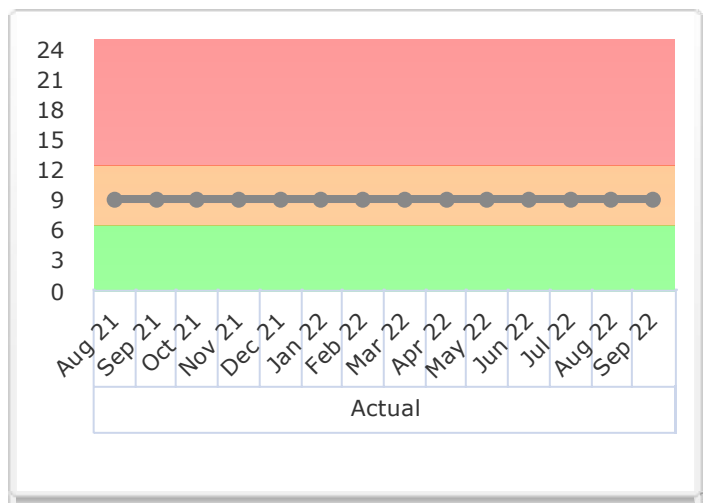
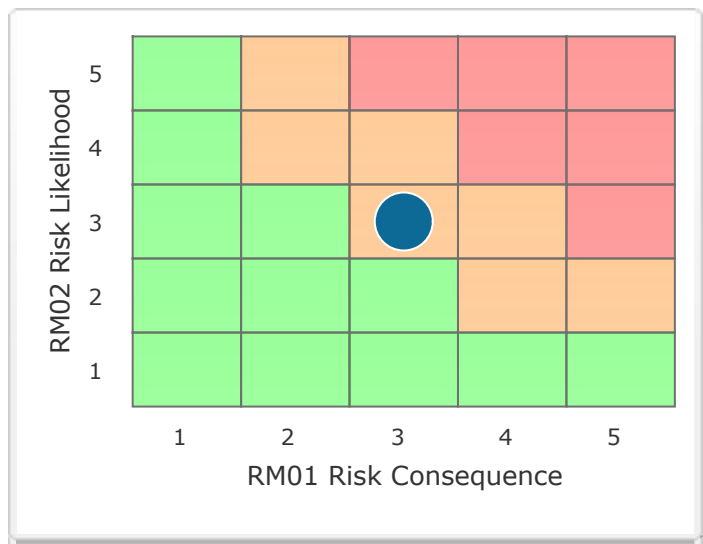
Impact Type	Catastrophic 5	Critical 4	Moderate 3	Marginal 2	Negligible 1
Objectives	The key objectives in the Corporate Plan will not be achieved.	One or more Key Objectives in the Corporate Plan will not be achieved.	Significant impact on the success of the Corporate Plan.	Some impact on more than one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

Likelihood ratings and dimensions are tabled below:

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

SR 001 Financial (including credit & counterparty)

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




Latest Update

		31/08/2022
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 has now increased to 1.75% and the impact of these changes on the Council's investment returns will be assessed.</p> <p>Similarly the cost of inflation has risen to circa 10% and will see cost pressures for the authority rise in respect of pay settlement, energy cost rises and other commodity purchase. This may also impact significant contracts. These pressures will also be kept under regular review and reported with mitigation quarterly.</p>














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

		31/08/2022
CR 015 Medium Term Financial Plan : Status	Score	12.00
	Target	4.00
	Performance	
	Direction of change	➔
	Comments	The budget setting process for 2023/24 has started and this will reflect changes to costs and income as a result of inflation and other pressures. We are anticipating a 2 year local government funding settlement. However, this will not be known until around December 2022.

Control, Contingency & Mitigating Actions

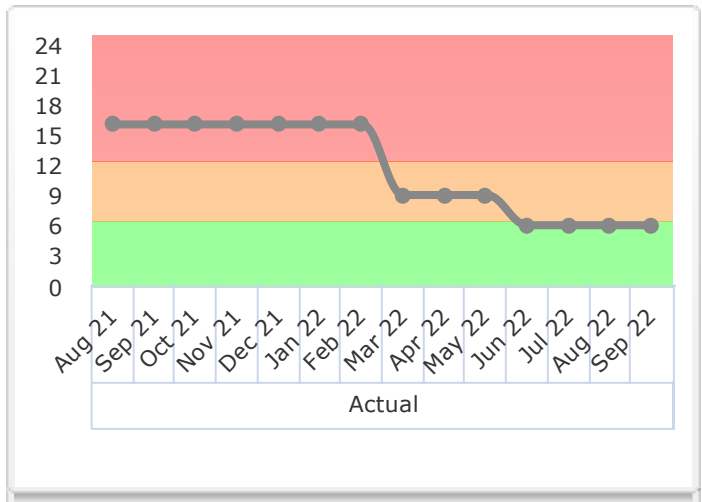
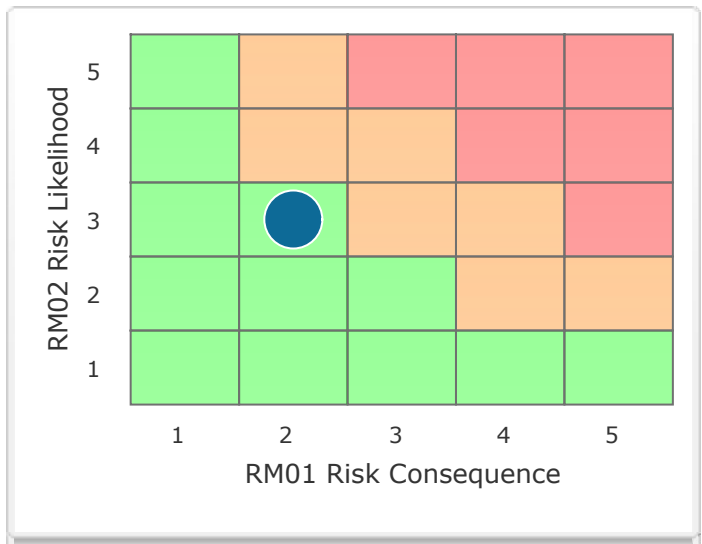
Implemented		
	Responsible	Jun 22
<input checked="" type="checkbox"/> Annual review of the Council's reserves	Alison Chubbock	
<input checked="" type="checkbox"/> Balanced budget agreed	Alison Chubbock	
<input checked="" type="checkbox"/> Budget Process / Budget Monitoring	Lucy Hume	
<input checked="" type="checkbox"/> Business cases for commercialisation of assets to deliver future income and efficiencies	Alison Chubbock	
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	
<input checked="" type="checkbox"/> Growth forecasting models	Alison Chubbock	
<input checked="" type="checkbox"/> Lobbying Central Government	Steve Blatch	
<input checked="" type="checkbox"/> Medium Term Financial Strategy	Alison Chubbock	
<input checked="" type="checkbox"/> Policy Work	Steve Blatch	
<input checked="" type="checkbox"/> Project Management Plans	Alison Chubbock	
<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	Alison Chubbock	
<input checked="" type="checkbox"/> Utilisation of the New Homes Bonus grant within the base budget for 2018/19 onwards	Alison Chubbock	

Outstanding

	Stage	Responsible	Performance	Jun 22
<input checked="" type="checkbox"/> Monitoring impact of the business rates retention	Blocked	Alison Chubbock	Performance Comments	 <p>No further updates have been received around the Fair Funding Review or a revised Business Rates Retention scheme or the future of New Homes Bonus. It is likely that we will see a two year Settlement based on an announcement by Michael Gove earlier in the year for 2023-24 and 2024-25, but this won't be known until the provisional local government settlement announcement, expected November/December this year. This continues to add significant uncertainty around the future funding of Local Government and continues to be a risk to our Medium Term Financial Plan.</p>

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

		31/08/2022
SR 002 Operational : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	<p>Operational risk related to Covid-19 are no longer affecting the delivery of Council services. There are some concerns around the sustainability of some placements under the Homes for Ukraine scheme as we approach the end of initial six month arrangement. The council has managed the response to the death of Her Majesty Queen Elizabeth II with no significant impact on service provision. Preparations for forthcoming winter response in terms of adverse weather and storm surge events will be the subject of a workshop arranged for October. Some uncertainty exists around the demands that might be placed on the authority in respect of any partnership response due to the cost of living crisis and high energy costs.</p>

SR 002 Operational : RM01 Risk Consequence	Score	2
	Target	2
	Direction of change	→
SR 002 Operational : RM02 Risk Likelihood	Score	3
	Target	2
	Direction of change	→

Associated Corporate Risks

		31/08/2022
CR 001 Deteriorating/ underused property assets : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	
CR 008 Loss of Information : Status	Score	16.00
	Target	2.00
	Performance	▲
	Direction of change	➔
	Comments	The ability to have skilled and experienced cyber security professionals within the infrastructure team is essential to mitigating the current elevated threat levels. Maintaining the resource available to deliver this work is increasingly difficult in light of continued growth in workload and the constraints of public sector pay levels.
CR 009 Poor Procurement : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	
CR 013 Emergency event : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	There is a risk of concurrent incidents in the coming months which will stretch Civil Contingencies team and NNDC when they arise. This has been addressed by Winter preparedness group and there will be a winter assurance workshop in October.
CR 024 People Resources : Status	Score	4.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	
CR 025 Contract failure : Status	Score	12.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	

Control, Contingency & Mitigating Actions

Implemented		Responsible	Jun 22
<input checked="" type="checkbox"/>	Adequate budget provision both from revenue and capital to support R&M works and capital investment	Alison Chubbock	✓

	Responsible	Jun 22
<input checked="" type="checkbox"/> Adequate staff or appropriately qualified external contractor support	Alison Chubbock	✔
<input checked="" type="checkbox"/> Asset Condition Surveys	Alison Chubbock	✔
<input checked="" type="checkbox"/> Business cases for commercialisation of assets to deliver future income and efficiencies	Alison Chubbock	✔
<input checked="" type="checkbox"/> Compliance policies in place and up to date	Alison Chubbock	✔
<input checked="" type="checkbox"/> Compliance works undertaken in a timely fashion	Alison Chubbock	✔
<input checked="" type="checkbox"/> Procure a Strategic Development Partner	Alison Chubbock	✔
<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	✔
<input checked="" type="checkbox"/> Regular audits of IT security arrangements	Sean Kelly	✔
<input checked="" type="checkbox"/> Advice for external suppliers	Alison Chubbock	✔
<input checked="" type="checkbox"/> Joint procurement protocol and opportunities for joint/shared procurement with other authorities	Alison Chubbock	✔
<input checked="" type="checkbox"/> Procurement Framework	Alison Chubbock	✔
<input checked="" type="checkbox"/> Procurement responsibility assigned	Alison Chubbock	✔
<input checked="" type="checkbox"/> Procurement Strategy	Alison Chubbock	✔
<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	✔

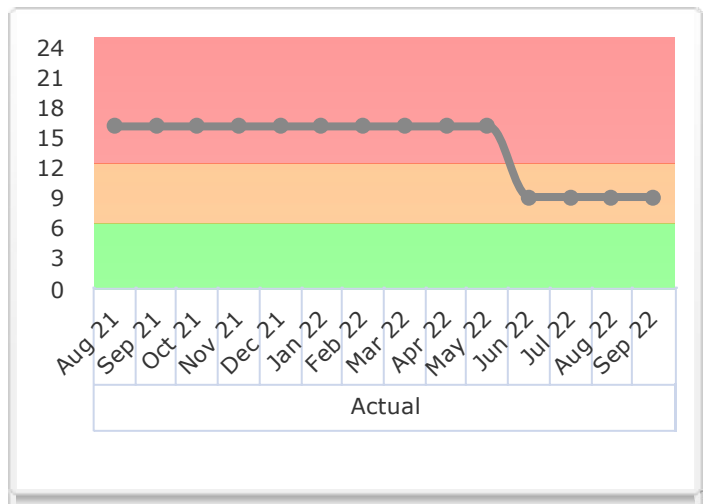
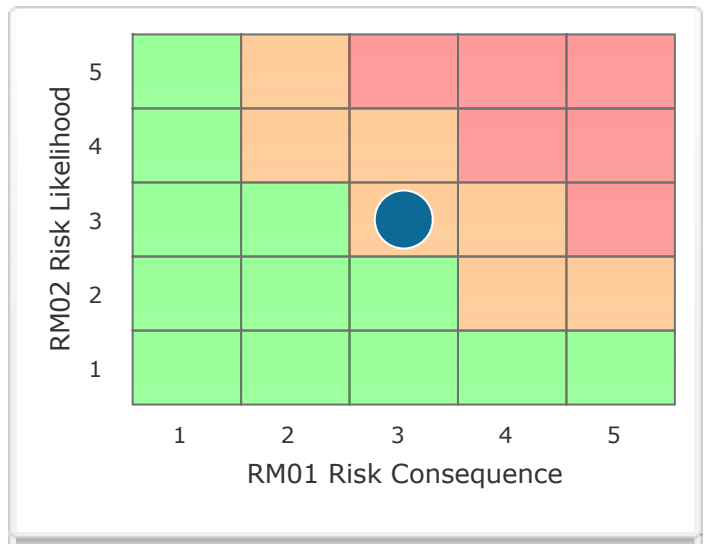
	Responsible	Jun 22
<input checked="" type="checkbox"/> Corporate Policies and Procedures	Alison Sayer	✔
<input checked="" type="checkbox"/> Create and issue adverse weather guidance	Alison Sayer	✔
<input checked="" type="checkbox"/> Emergency Response & Recovery Planning	Alison Sayer	✔
<input checked="" 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	Alison Chubbock	✔

Outstanding

	Stage	Responsible		Jun 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	Needs to be reviewed because of the publication of the revised Norfolk Emergency Response Guidance - due imminently. Review scheduled to be completed before 31 March 2023.
<input checked="" type="checkbox"/> Develop 'People Strategy'	In Progress	James Claxton	Performance	●
			Comments	The HR Team is now fully resourced and the HR Manager has a draft version that needs some input from CLT.

SR 003 Macroeconomic

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



Latest Update

		31/08/2022
SR 003 Macroeconomic : Status	Score	9.00
	Target	12.00
	Performance	●
	Direction of change	➔
	Comments	<p>Public concern remains about the rising cost of living although this may be tempered by the recent Government announcement of an energy cap of £2,500 for an average household and additional support for vulnerable people and families and £400 payment to households over the winter and capping the unit rates for businesses for six months.</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>

SR 003 Macroeconomic : RM01 Risk Consequence	Score	3
	Target	3
	Direction of change	→
SR 003 Macroeconomic : RM02 Risk Likelihood	Score	3
	Target	4
	Direction of change	→

Associated Corporate Risks

		31/08/2022
CR 026 Impact of economic fluctuations on the North Norfolk economy : Status	Score	15.00
	Target	4.00
	Performance	▲
	Direction of change	→
	Comments	

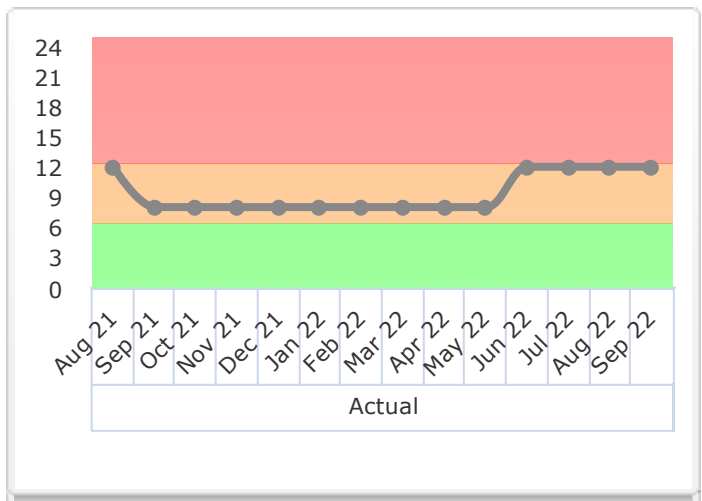
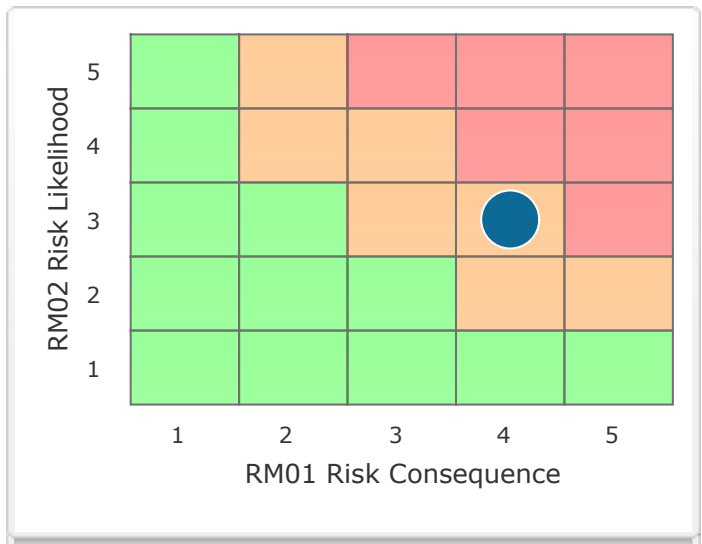
Control, Contingency & Mitigating Actions

Implemented			
	Responsible	Jun 22	
<input checked="" type="checkbox"/> Business Survey	Stuart Quick	✔	
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	✔	
<input checked="" type="checkbox"/> Fund Management advice from Arlingclose	Lucy Hume	✔	
<input checked="" type="checkbox"/> HS 003 - Monitor the need for temporary accommodation and ensure suitable provision	Graham Connolly	✔	
<input checked="" type="checkbox"/> Medium Term Financial Strategy	Alison Chubbock	✔	
<input checked="" type="checkbox"/> Operation of the Council Tax Hardship Fund	Trudi Grant	✔	
<input checked="" type="checkbox"/> Treasury Management Strategy	Lucy Hume	✔	


Outstanding				
	Stage	Responsible	Jun 22	
<input checked="" type="checkbox"/> 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

SR 004 Strategic : Status	Score	12.00
	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. The Council submitted its local investment plan for its allocation of funds under the UK Shared Prosperity Fund at the end of July and is awaiting authority to spend. The Council has since been advised that it is also to receive £1.45m through the Rural England Prosperity Fund for the 2023/24 and 2024/25 financial years.</p> <p>The Council also submitted Levelling Up applications for projects at Fakenham and Cromer the outcome of which is anticipated before the end of October. Until we know the outcome of the bids the Council is unable to plan the expenditure or understand the affordability of proposals in the context of rising inflation.</p>

SR 004 Strategic : RM01 Risk Consequence	Score	4
	Target	2
	Direction of change	➔
SR 004 Strategic : RM02 Risk Likelihood	Score	3
	Target	2
	Direction of change	➔

Associated Corporate Risks

		31/08/2022
CR 027 Strategic financial and performance management : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	The impact of the current inflationary and economic environment are likely to put pressure on our services such as; temporary accommodation, contract inflation, pay awards and utilities costs. However, the Council is planning to set aside prior years underspend to help offset cost pressures in financial year 2022/23.

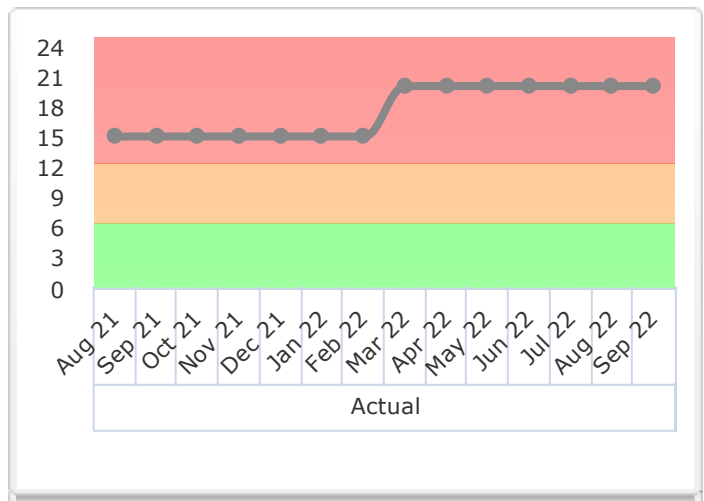
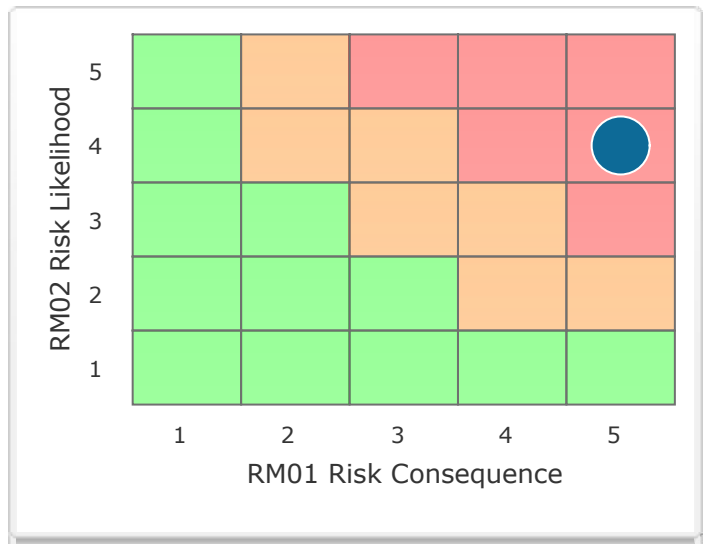
Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Jun 22
<input checked="" type="checkbox"/> Annual review of the Council's reserves	Alison Chubbock	✔
<input checked="" type="checkbox"/> Budget Process / Budget Monitoring	Lucy Hume	✔
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	✔
<input checked="" type="checkbox"/> Medium Term Financial Strategy	Alison Chubbock	✔
<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	Jun 22
<input checked="" type="checkbox"/> Emerging Local Plan	In Progress	Mark Ashwell	<p>Performance ●</p> <p>Comments Nutrient neutrality continues to delay submission of the plan. County wide mitigation strategies are in preparation but are unlikely to be available until after the spring of 2023.</p>

SR 005 Environmental and Social

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



Latest Update

		31/08/2022
SR 005 Environment & Social : Status	Score	20.00
	Target	4.00
	Performance	▲
	Direction of change	➔
	Comments	<p>The Council has an 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. In July there was a ministerial announcement made proposing a national scheme of mitigation and discussions are therefore taking place between Natural England and Norfolk local authorities about working collaboratively through the Duty to Cooperate Framework to develop a shared response to this challenging issue before the end of 2022..</p>

		31/08/2022
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

		31/08/2022
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	Nutrient neutrality guidance from Natural England was issued on 16 March 2022. The guidance has impacts on housing delivery. Short term measures to enable housing delivery to continue are to be announced in September 2022, with development of longer term mitigation to be delivered in early 2023. There is a probability of this risk to escalate when reviewed in the next quarter.

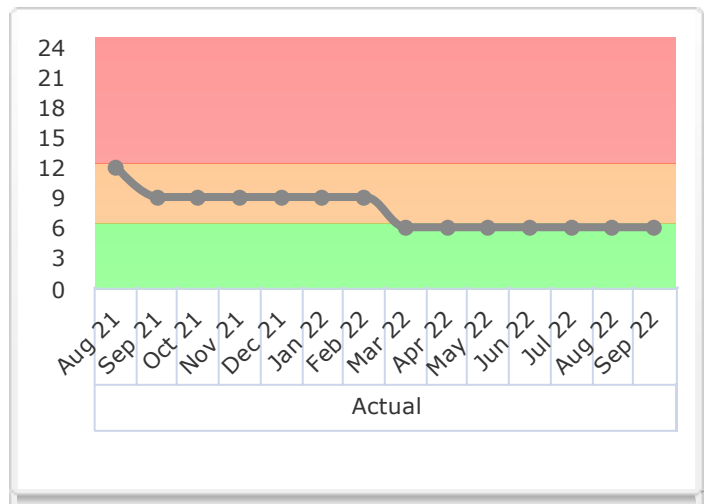
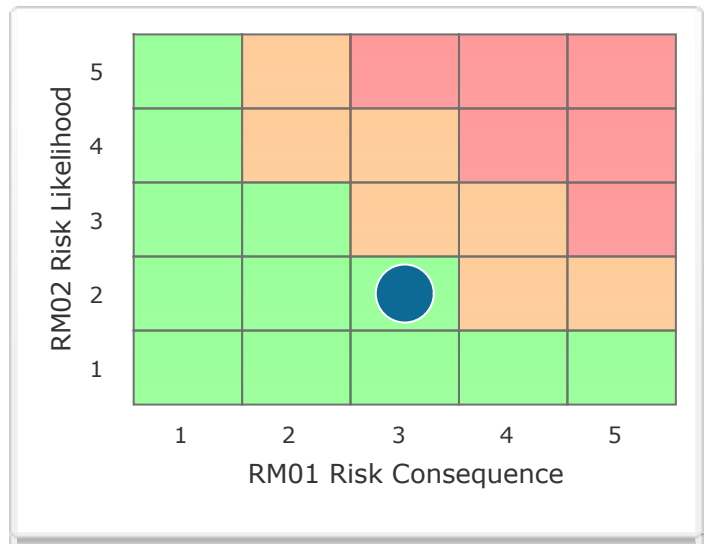
 Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Jun 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	Alison Chubbock	✔
<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	Alison Chubbock	✔
<input checked="" type="checkbox"/> Partnership work with Registered Providers	Graham Connolly	✔
<input checked="" type="checkbox"/> Use of capital	Nicky Debbage	✔

Outstanding				
	Stage	Responsible		Jun 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 September 2022. Pre construction phase contract has now been signed and works progressing. 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	In Progress	Wendi Creelman	Performance	★
			Comments	Already working very closely with RPs's round rent arrears and forward thinking to prevent homelessness will be working to produce a SLA - this will be picked up by the service development officer

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

		31/08/2022
SR 006 Governance : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	An interim Section 151 officer has been appointed from the end of June following the departure of the previous post holder. Recruitment is currently being progressed for a permanent appointment.

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

		31/08/2022
CR 028 Governance failures : 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. An interim Section 151 officer has been appointed 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. Recruitment is currently being progressed for a permanent replacement.

Control, Contingency & Mitigating Actions

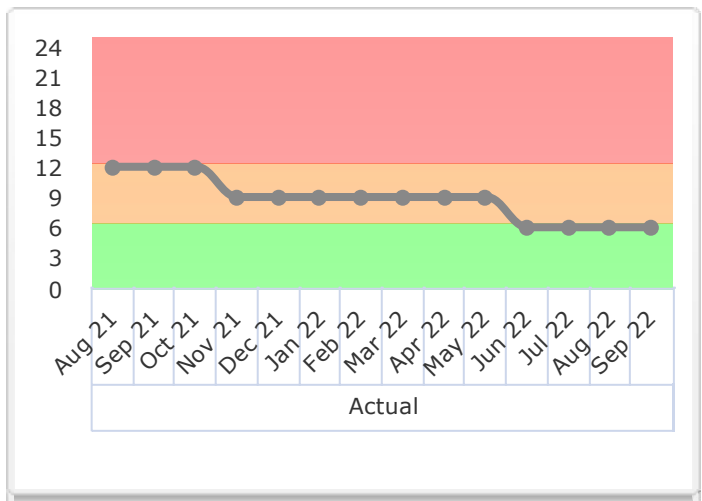
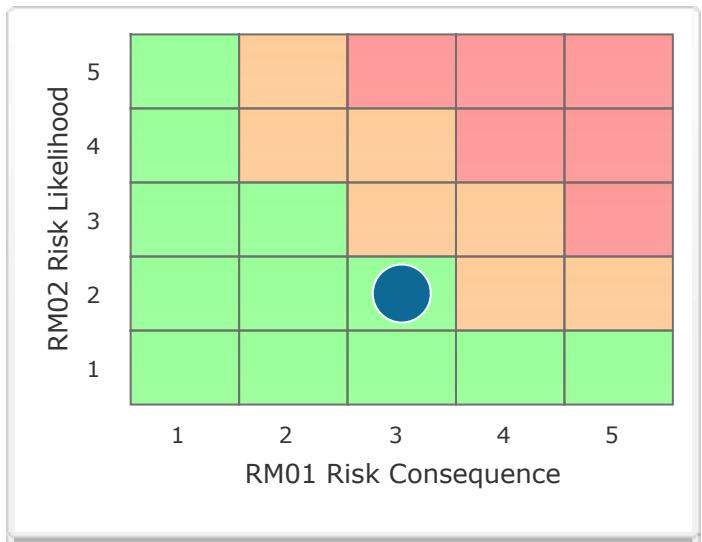
Implemented		
	Responsible	Jun 22
<input checked="" type="checkbox"/> Annual Assurance Statements	Alison Chubbuck	✔
<input checked="" type="checkbox"/> Annual Audit Report	Lucy Hume	✔
<input checked="" type="checkbox"/> Annual Governance Statement 2019/20 supported by assurance framework	Alison Chubbuck	✔
<input checked="" type="checkbox"/> Annual Governance Statement 2020/21 supported by assurance framework	Alison Chubbuck	✔
<input checked="" type="checkbox"/> Audit programme	Lucy Hume	✔
<input checked="" type="checkbox"/> Clear robust corporate governance framework	Renata Goff	✔
<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	Alison Chubbuck	✔
<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	Alison	✔

Outstanding

This report does not contain any data

SR 007 Reputation

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



Latest Update

		31/08/2022
SR 007 Reputation : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	<p>The Council are moving forward with the Quality of Life and Engagement Strategies, and progressing its significant programme of improvement to public toilet provision including the provision of additional Changing Places facilities.</p> <p>In June the council produced and circulated to all households the Outlook publication promoting the Councils services and support for its communities, with the publication being well received. In terms of wider corporate reputation delivery of the North Walsham Heritage Action Zone project moves into a significant phase of Market Place improvement which will see some disruption in the town centre during the construction phase.</p>

SR 007 Reputation : RM01 Risk Consequence	Score	3
	Target	2
	Direction of change	→
SR 007 Reputation : RM02 Risk Likelihood	Score	2
	Target	2
	Direction of change	→

Associated Corporate Risks

		31/08/2022
CR 029 Poor reputation of the Council in the Community : Status	Score	4.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	Closed risk as a duplicate of the Strategic level risk. This will not appear in future Corporate Risk Registers.

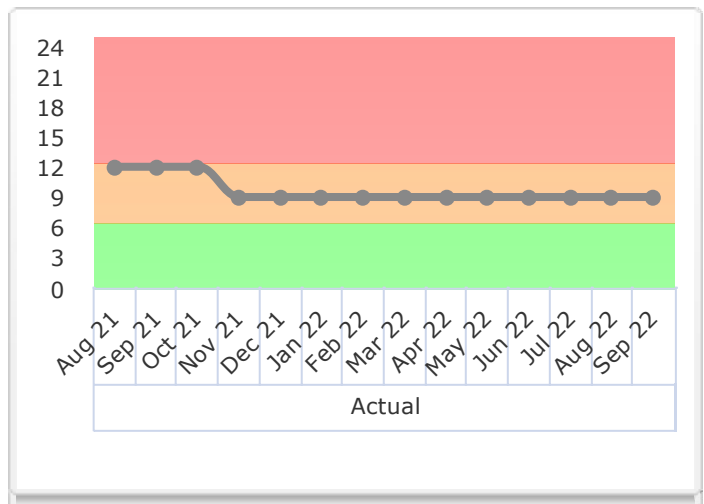
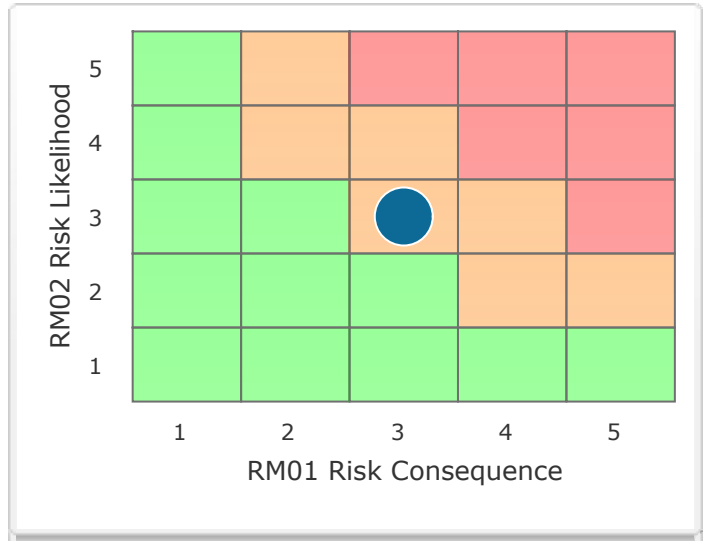
Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Jun 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		Jun 22
<input checked="" type="checkbox"/> Review and update of Web Strategy	Cancelled	Sean Kelly	Performance	
			Comments	~

SR 008 Corporate project related risks

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



Latest Update

		31/08/2022
SR 008 Corporate project related risks : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	<p>A project completion review is to be conducted in respect of The Reef Leisure Centre project which is to report in January 2023.</p> <p>Delivery of the North Walsham Heritage Action Zone project moves into a significant phase of Market Place improvement which will see some disruption in the town centre during the construction phase. This will be closely monitored and appropriate mitigation measures developed as a response.</p>

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

		31/08/2022
CR 030 Sheringham Leisure Centre : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	↗
	Comments	The final account needs to be settled within a year of completion. Information from the construction company is awaited before the final accounts can be agreed.

Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Jun 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

5th May 2022

Rt. Hon Michael Gove MP
Secretary of State for Levelling Up, Housing and Communities
Department for Levelling Up, Housing and Communities
4th Floor, Fry Building
2 Marsham Street
LONDON
SW1P 4DF

By email:- michael.gove@communities.gov.uk

Dear Secretary of State

Concerns over the timeliness of external audit investigations and reporting through the PSAA contract

I am writing to you on behalf of North Norfolk District council, following a recommendation of the Council's Governance, Risk and Audit Committee of 26th April 2022.

North Norfolk District Council is part of the collective procurement of local authority external audit services through PSAA. Under the current five-year contract North Norfolk's external audit provider is Ernst and Young (EY).

The District Council recognises that the COVID pandemic has created exceptional pressures on many organisations and does not have any criticism of the performance of EY in the provision of external audit services to the authority as a whole. Indeed, we value the relationship we have with the EY team and particularly our principal contact Mark Hodgson, Associate Partner, Audit – Government and Public Sector.

However, in early 2020 the Council was the subject of a Public Interest Disclosure Act (1998) (PIDA) referral to both Norfolk Constabulary and EY regarding issues relating to the procurement of consultants to undertake a Capability Review in the summer of 2019. Notwithstanding that the Council was informed that the police investigation undertaken by Cambridgeshire Constabulary concluded in March 2021 (with no criminality being established), and understanding that the EY investigating team interviewed key people involved in the procurement process in September 2020; the EY report outlining its conclusions and recommendations was not presented to the District Council until February of this year. A copy of the public part of the report is attached for your information.

The District Council accepts all of the findings and recommendations made within the EY Annual Audit Results Report and Value for Money statement, which have been discussed formally on two occasions by the authority's Governance, Risk and Audit Committee – 30th March and 26th April 2022.

I can also advise that the Council has addressed all of the recommendations made by EY as per the management response also attached for your information. In this respect, I believe that the Council's governance framework and control environment is significantly stronger now compared to that which existed in 2019 and that this position is recognised by both the Council's internal and external audit advisors.

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However, in discussing both the EY Value for Money conclusions into the PIDA referral and the Council's response, members of the Governance, Risk and Audit Committee were concerned at the length of time the EY investigation had taken and did not understand why reporting of the investigation into the PIDA complaint had to be part of the annual audit of the 2019/20 accounts.

The delay in the reporting of this matter has created significant issues for the authority in managing local political and public interest in this issue over an extended period of time, which in itself has involved the Council in quite significant additional costs in responding to related Freedom of Information Act requests, referral of complaints to the Information Commissioners Office review of its internal processes and internal meetings and discussions when the Council has otherwise needed to respond to the COVID pandemic and deliver core services and projects and priorities outlined in the Council's Corporate Plan.

The Governance, Risk and Audit Committee therefore asked that I raise with you its concerns over the length of time such investigations by external audit bodies appear to take, which it does not see as being in the public interest or indeed in the interests of any of those involved in such matters. In seeking to raise such matters with you, the Council is keen to state it is not in any way questioning the investigatory processes involved in the consideration of PIDA complaints, only whether such matters could be investigated and concluded in a more timely manner.

The District Council would therefore ask whether the Government believes the objectives of the PIDA Whistleblowing process are effective and sufficient in allowing the proper reporting and investigation of matters of public concern such that any malpractice concerns or risks can be highlighted and addressed in good time. Further, that there can be public confidence in the process – on the part of complainants, corporate learning of organisations subject of such complaints and, as appropriate, natural justice for all those involved in such processes.

Yours sincerely



**Steve Blatch - BA (Hons), DipTP, MRTPI, DMS
CHIEF EXECUTIVE**

Tel:- 01263 516232

Email:- Steve.Blatch@north-norfolk.gov.uk

Our Ref: Gove 05 05 22

Enc:- EY Annual Audit Results Report and Value for Money Statement 2019/20
NNDC Management Response to issues raised in the above report

CC:- Duncan Baker, MP for the North Norfolk Parliamentary Constituency
Jerome Mayhew, MP for the Broadland Parliamentary Constituency
Cllr Tim Adams, Leader of North Norfolk District Council
Cllr John Rest, Chairman of the Governance, Risk and Audit Committee
Mark Hodgson, Associate Partner – Audit, Government and Public Sector



Department for
Business, Energy
& Industrial Strategy

Jane Hunt MP
Parliamentary Under-Secretary of State

**Department for Business, Energy & Industrial
Strategy**
1 Victoria Street
London
SW1H 0ET

Website: www.gov.uk

Steve Blatch
Chief Executive - North Norfolk District Council
Holt Road
Cromer
Norfolk NR27 9EN

Our ref: MCB2022/15723

26 August 2022

Email only.

Dear Mr Blatch,

Thank you for your letter dated 5 May 2022 to the Department for Levelling Up, Housing and Communities, about the whistleblowing regime and, specifically, the length of time external bodies take to investigate disclosures. Your correspondence has been passed to this department and I am replying as this matter falls within my ministerial portfolio. I sincerely apologise for the delay in response, your email has only recently been brought to my attention.

The Government recognises how valuable it is that whistleblowers are prepared to shine a light on wrongdoing and believes that they should be able to do so without fear of recriminations. The Employment Rights Act 1996, amended by the Public Interest Disclosure Act, gives legal protection to those who speak up in the public interest. The legislation is intended to build openness and trust in workplaces by ensuring that workers who hold their employers to account are treated fairly.

Regarding the duty to report on whistleblowing disclosures, the Government introduced a legislative requirement in 2017 for all prescribed persons to produce an annual report on whistleblowing disclosures made to them by workers unless exempt. The duty increases confidence that prescribed persons are taking whistleblowing disclosures seriously through greater transparency about how disclosures are handled, in particular that they investigate where appropriate and take action where necessary. The reporting duty will also improve consistency across different bodies in the way they respond to disclosures.

The Government believes that availability of clear information on who a worker can report wrongdoing to and guidance on how whistleblowing works in practice will give more employees the confidence to come forward. Employers will also benefit from knowing what to do when an employee makes a disclosure. Comprehensive guidance is available to assist employers and prescribed persons in handling disclosures. Further information is available at:

- www.gov.uk/whistleblowing.
- www.gov.uk/government/publications/whistleblowing-guidance-and-code-of-practice-for-employers.
- www.gov.uk/government/publications/whistleblowing-guidance-for-prescribed-persons.

While I fully appreciate the Council's concerns, it would not be appropriate for me to comment on the performance of the external auditor. I note that Ernst & Young (EY) was appointed to perform the Council's audit by Public Sector Audit Appointments Ltd (PSAA). If a Council has opted in to PSAA's audit procurement and believes they have an issue against their auditor,

they can raise a complaint directly with PSAA. Further information about PSAA's complaints policy and procedure can be found on their website: www.psaa.co.uk/contact-us/complaints.

Thank you once again for taking the time to write, I hope this is helpful.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jane', written in a cursive style.

JANE HUNT MP

Minister for Small Business, Consumers & Labour Markets

INDEPENDENT PERSON GUIDANCE

Guidance taken from the Redmond Review:

“Fundamentally, it is important that councils, as with other public bodies, have appropriate measures in place: the government considers it proportionate to establish a simple principle that local authorities should have an audit committee, with at least one independent member. Mandating for audit committees would ensure widespread take-up, along with improved public accountability. Consequently, based on the consultation feedback, we will be making Audit Committees, with at least one independent member, a mandatory requirement, once Parliamentary time allows. We will continue to consult with partners on how this should be implemented. In the intervening period, the government would encourage local bodies to establish their arrangements in line with CIPFA’s guidance, including appointing independent members. We are providing £15m per annum to local bodies over the next 3 years to support with increased new burdens from the Redmond Review and increasing audit demands. The government has also noted the importance of training. To support capability further, government is providing funding via the Local Government Association sector grant, for targeted training events for audit committee chairs and members. The government continues to work with the LGA on expanding their offer during 2022/23.”

CIPFA guidance states the following:

“The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation. Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.”

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GOVERNANCE, RISK & AUDIT COMMITTEE ON 14th JUNE 2022 – OUTCOMES & ACTIONS LIST

MINUTE NO.	AGENDA ITEM AND ACTION	ACTION BY
30	PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY: 26 FEBRUARY 2022 TO 6 JUNE 2022	
	<p>RESOLVED</p> <p>To note the internal audit progress within the period covered by the report.</p>	GRAC
31	ANNUAL REPORT AND OPINION 2021/22	
	<p>RESOLVED</p> <ol style="list-style-type: none"> 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. 	GRAC
32	LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT (AGS) 2021/22	
	<p>RESOLVED</p> <p>To review and approve the Annual Governance Statement (AGS) along with the updated Local Code of Corporate Governance.</p>	GRAC
33	UPDATED FRAUD POLICY AND FRAUD RISK ASSESSMENT	
	<p>RESOLVED</p> <ol style="list-style-type: none"> 1. To Approve the updated Fraud and Anti-Corruption Policy. 2. To note the associated Fraud Risk Assessment for 2021/22 3. To note the recommended improvement actions 4. To note the progress on the audit actions. 	GRAC

34	CORPORATE RISK REGISTER	
	RESOLVED To review and note the Corporate Risk Register.	GRAC
35	PROCUREMENT EXEMPTIONS REGISTER 12TH NOVEMBER 2021 TO 15TH FEBRUARY 2022	
	RESOLVED To note the Procurement Exemptions Register.	GRAC

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

Date	Topic	Lead Officer	Comments	Cycle
14th June 2022				
	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
12th July 2022	TBC			
	Meeting Cancelled			
27th Sept 2022				
	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
	External Audit Plan 2020/21 TBC	EY External Audit	To review the external audit plan	Annual
	GRAC Annual Report 2021-22	Committee Officer – Matt Stembrowicz	To review Committee's work over the previous year	Annual

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

Date	Topic	Lead Officer	Comments	Cycle
6th Dec 2022				
	Draft Statement of Accounts 2021/22	Chief Technical Accountant – Lucy Hume	To review the draft statement of accounts	Annual
	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
	Review of Council's Asset Register	Chief Technical Accountant – Lucy Hume	To review the number and value of Council assets	Committee Request
	Final statement of accounts 2020/21 TBC			
	External Audit Results report 2020/21 TBC			
7th March 2023				
	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

2023				
	Risk Management Framework	Assistant Director Finance, Assets and Legal – Cara Jordan	To review the Council's risk management framework (Expected June 2023)	Bi-Annual
	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	Director of Resources	To review the updated Policy and Action Plan	June 2023

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